SOUTHEAST ASIAN DRUG TRADE

HEARING

BEFORE THE

SUBCOMMITTEE ON
EAST ASIAN AND PACIFIC AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

SOUTHEAST ASIAN DRUG TRADE: UNITED STATES STRATEGIES TO ADDRESS INCREASED OPIUM PRODUCTION IN THE GOLDEN TRIANGLE (LAOS, THAILAND, BURMA)

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SOUTHEAST ASIAN DRUG TRADE

THURSDAY, MAY 6, 1982

UNITED STATES SENATE,
SUBCOMMITTEE ON EAST ASIAN AND
PACIFIC AFFAIRS OF THE
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 4221, Dirksen Senate Office Building, Hon. S. I. Hayakawa (chairman of the subcommittee) presiding.

Present: Senators Hayakawa, Pell, and Biden.

Senator HAYAKAWA. The subcommittee will come to order.

The Subcommittee on East Asian and Pacific Affairs is continuing this morning its examination of U.S. relations with Southeast Asian nations with a discussion of the drug threat to the United States which emanates from this area and, in particular, from the so-called Golden Triangle area, where the borders of Burma, Thailand, and Laos come together.

It is a pleasure to welcome our witnesses, Mr. DiCarlo, the Assistant Secretary of State for International Narcotics Matters and Mr. Mullen, the Acting Administrator of the Drug Enforcement Administration. We also have with us Mr. O'Neill of the DEA.

Good morning, gentlemen, and welcome.

Before turning to the testimony of our witnesses, I would like to provide a word of background on these hearings.

As I mentioned a moment ago, the subcommittee has focused its attention since the beginning of the 97th Congress on Southeast Asia. This is an area of rapid growth, one of the most rapid growth areas in the world. It is also an area of great opportunity for trade and investment for American business. The ASEAN nations collectively are our fifth largest trading partners. We also have vital strategic interests in Southeast Asia, sitting as it does astride the communications lanes between the Persian Gulf and the Western Pacific, along which flow the oil which sustains the burgeoning economies of the area and of Japan.

The committee held comprehensive hearings last summer which examined our interests in this area and our relations with our Southeast Asian friends. In August, I undertook a fact-finding mission to examine our relationship in detail and at first hand. I was greatly encouraged by what I saw.

As I reported to my colleagues upon my return, there is great hope for the future in Southeast Asia. There are, however, two areas of con-

cern to me: The Communist menace to these countries and the drug threat to their people and to ours, coming in large measure from the Golden Triangle.

We shall continue our discussions on the former in a later hearing. This morning we shall turn to the latter.

Before calling on Mr. DiCarlo and Mr. Mullen, let me say that I was most impressed with the efforts of the DEA representatives in the embassies I visited last August. They were energetic, enthusiastic, and devoted to their duties. But, in the face of bumper crops of opium poppies for two successive harvests in the Golden Triangle, we must do two things: We must redouble our efforts to control or disrupt the flow of illegal narcotics and seek new ways to do so; and, we must alert the American people to the increased danger coming from the Golden Triangle.

Those are the purposes of these hearings.

Senator Pell, do you have a preliminary statement?

Senator PELL. Thank you, Mr. Chairman. I do.

I want to commend and congratulate you for your decision to hold these hearings on a very timely topic. Concern has been mounting now for a good deal of time that, just as the flow of illicit Southwest Asian heroin from Pakistan and the surrounding area to Western Europe and the United States may have abated, the flow of Southeast Asian heroin, that is, heroin from the Burma area, from the Golden Triangle, may have increased.

Our purpose this morning is to understand better the nature of the problem, why it has swung from West Asia to East Asia, and to elicit administration views on how best to resolve this.

Last year—and it is almost unbelievable to realize this—almost one-third of the households in the United States were touched by crime in one form or another. Much of this epidemic stems from the violent crime which has recently infected every one of our major cities, a development that can be traced directly to the drug trafficking industry.

It is estimated that payments by users and traffickers for these drugs amount to over $70 billion each year. Yet this is a problem that local law enforcement is virtually powerless by itself to stop. To attack the problem properly, we must go to the source, to the countries that grow the opium, the coca bush, and produce and refine qualudes and hashish for export to the United States.

Such an effort will require an international commitment to tackle this problem. We cannot do it alone in the United States.

We must be willing to commit the resources internationally to control the illegal narcotics trade. The additional money that is required is insignificant compared to the fear, the violence, the addiction, and the health impairment we live with and pay for in our society.

I know that we all are committed to a vigorous international narcotics control effort by the United States, and I think the testimony today should give us a good deal of information regarding one of the most virulent sources of the drug problem, the Golden Triangle of Southeast Asia.

Thank you, Mr. Chairman.

Senator HAYAKAWA. Mr. DiCarlo, would you care to proceed.

STATEMENT OF HON. DOMINICK L. DiCARLO, ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL NARCOTICS MATTERS, ACCOMPANIED BY CLYDE D. TAYLOR, DEPUTY ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL NARCOTICS MATTERS; RICHARD HOWLAND, COUNTRY DIRECTOR FOR THAILAND, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS; FREDERICK Z. BROWN, COUNTRY DIRECTOR FOR INDONESIA, MALAYSIA, BURMA, AND SINGAPORE, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS; AND CHARLES SMITH, BURMESE DESK OFFICER, AND EAST ASIAN NARCOTICS COORDINATOR, DEPARTMENT OF STATE

Mr. DiCARLO. Thank you, Mr. Chairman and Senator Pell.

Accompanying me today are Clyde D. Taylor, Deputy Assistant Secretary for International Narcotics Matters. Seated to the rear is Dick Howland, Country Director for Thailand, Bureau of East Asian and Pacific Affairs. Sitting next to him, at my immediate right, is Mr. Frederick Brown, Country Director for Indonesia, Malaysia, Burma, and Singapore, Bureau of East Asian and Pacific Affairs; and Charles Smith, the Burma Desk Officer and East Asian Narcotics Coordinator.

The Bureau of International Narcotics Matters has submitted an extensive, formal, statement, responding to the detailed requests of the subcommittee. I will, with your permission, confine my statement to a summary of the major issues and our policy and program responses to those issues.

The most important statement that can be made about the situation in the Golden Triangle of Southeast Asia is that, after two successive droughts had significantly lowered opium production in the region in 1979 and 1980 crop years, the area has now produced bumper crops. As a result of the excellent growing conditions for poppies in 1981, the production of opium from the three countries of the Golden Triangle, Thailand, Burma, and Laos, rose from an estimated 200 metric tons in 1980 to an estimated 600 to 700 tons in 1981, with 1982 production expected to equal or exceed 1981's bumper crop.

The implications of this harvest, while not yet materialized, may well include intensive efforts by traffickers to increase the importation of heroin to the United States. Thanks to the drought-reduced productions in 1979 and 1980, Southeast Asian heroin accounted for an estimated 15 percent of heroin entering the United States in 1980.

The prospect, then, is for increased competition for the U.S. heroin market between Golden Triangle heroin and heroin imported from Southwest Asia's Golden Crescent, which has dominated the U.S. market in the 1980's following the reductions in importation of Southeast Asian and Mexican heroin.

The Bureau offers no predictions as to net implications for levels of imports or levels of use. Instead, we recognize that, while much of the opium produced will be consumed in the region and that much of the product could be withheld from the market because prices for raw opium are down, there is the prospect for increased competition and at least the possibility for increased importation.

Whether this increased availability in Southeast Asia directly or proportionately affects the United States is not the whole determinant of our interest and policy. The opium/heroin market is worldwide, and is not compartmentalized by source and market. The lesson to be learned from previous displacements, for example, Pakistan heroin for Mexican heroin, is that an increase in Southeast Asian heroin supply could impact indirectly, as well as directly, on availability of heroin within the United States.

For instance, if Southeast Asian heroin displaces Southwest Asian heroin in Western Europe, traffickers there could attempt to move additional Southwest Asian heroin to our country. Our national interests clearly extend beyond the direct impact of heroin on the United States. The heroin trade threatens the health, economies, and, through its corrupting influence, the legal and political fabrics of friendly countries. Thus, our narcotics control policy reflects these broader foreign policy considerations.

Obviously, much more needs to be done by the governments in Southeast Asia, and by a concerned international community, to insure that production is stopped at the source.

EXPANSION OF OPIUM PRODUCTION

This expansion of opium production in the Golden Triangle confirms the wisdom of the priority the United States now assigns to crop control in our negotiations with such governments.

However, the detailed assessment we offer in our formal testimony also confirms that such control will not be quickly or readily achieved.

The opium growing areas of all three countries of the Golden Triangle are remote, trackless, and rugged, inhabited by ethnically distinctive tribal people who have grown opium for decades as their major cash crop.

Of our minimum estimate of approximately 600 metric tons of opium, we believe that 500 tons is produced in Burma, 50 tons in Thailand, and up to 60 tons in Laos.

At present, while there are reports of heroin refining in Laos, the indication is that Laotian opium products are not entering the international narcotics trade. Our current concern, therefore, is on opium production in Burma and Thailand, opium to heroin refining in Burma and Thailand, and opium and heroin trafficking through Thailand to world markets.

The principal growing areas are not only remote but are, as in the case of Burma, beyond the effective control of the central governments. They are, however, controlled by various warlord armies, revolutionary and insurgent groups. These include the Shan United Army, the dominant trafficking group, the Burmese Communist Party, which controls the largest single bloc of opium growing territory in Burma, and, to a lesser extent, Chinese Irregular Forces.

Thailand is a problem in every dimension. Virtually all of the Golden Triangle's heroin passes through Thailand en route to world markets. Thailand is the major transit country, a producer of opium, a refining base, and a major consumer nation with one of the world's largest heroin addict populations. This substantial domestic consump-

tion provides a significant financial base for the trafficking organizations, independent of profits on the world market.

The Bureau's strategy is to support Thai actions against the refining and trafficking organizations; assist in opium cultivation control; enhance overall Thai narcotics enforcement; and develop a Thai consciousness and response to its own narcotics abuse problem.

Our assessment of the Thai program is mixed. In January, the Royal Thai Government took forceful action against the dominant opium refining and trafficking organization, the Shan United Army, led by Chang Chi-fu. And, as a result of Thai Government efforts, there has been a decline in the availability of precursor chemicals used to refine opium into heroin. Prices have increased, and refineries are reportedly having more difficulty converting their bumper stocks of raw opium into heroin.

On the other hand, the Thai have failed to enforce the opium poppy ban, even in areas which have benefited adequately from the United Nations crop substitution program. While we applauded the Government's raid in January, which disrupted production from the 1981–82 harvest, we have advised the Thai Government and it recognizes that additional actions are needed to consolidate and expand this disruption of trafficking.

Burma is slowly emerging from its self-imposed isolation and cooperation on narcotics control issues has been a major aspect of our improved relationship with the Socialist Republic of the Union of Burma [SRUB]. The government places importance on achieving long-term success in reducing the production of opium and heroin, through a combination of rural development and crop substitution with enforcement and eradication.

The SRUB reports that sizable amounts of poppies are manually eradicated each year; however, the government, at present, is unable to exercise effective control over most of the opium-producing areas, and its efforts are estimated to have destroyed only about 8 percent of the crop.

The Golden Triangle has become the focal point of both bilateral and multilateral programs. In addition to U.S.-funded projects involving our Bureau, the Drug Enforcement Administration and the Agency for International Development, projects have also been supported by the United Nations Fund for Drug Abuse Control, the Colombo Plan organization, the World Bank, and the Governments of Canada, Norway, and the Federal Republic of Germany.

Yet, all too clearly, these efforts by these governments and organizations in support of the Burmese and Thai Governments have not succeeded in containing production in the Golden Triangle.

In the past, the tendency has been to respond to such situations by calling for even greater expenditures of United States and international dollars. But, if we have learned anything from our experiences of recent years, it is that successful narcotics control efforts require leadership by strong central governments with both the political will and the capacity to achieve control of the production areas.

Both of those essential elements were present in Mexico and Turkey, where narcotics control has had its greatest success to date.

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That is the critical task in Southeast Asia—to induce Burma and Thailand to intensify their narcotics control efforts. Our policy with the governments of Southeast Asia and governments of producing nations around the globe is that we are willing to entertain requests for additional assistance, conditioned on our obtaining more comprehensive agreements for and host governments commitments to more effective narcotics control programs.

Thanks in part to the adverse impacts being suffered within Burma and Thailand—political, economic, and social impacts, including burgeoning addict populations, the undermining of legitimate economies, and even insurgent threats to the governments themselves—we believe that there is a greater opportunity for increased responsiveness by these governments.

Our Government and the governments of other nations that lie on the trafficking routes from Southeast Asia to the United States and Western Europe will intensify their interdiction efforts to meet this latest threat. But the long-term and most effective solution lies in controlling production at the source, and we have made this message unequivocally clear, through President Reagan, through our ambassadors, through my visits with government leaders in both countries, and through international organizations.

Thank you.

[Mr. DiCarlo's prepared statement follows:]

PREPARED STATEMENT OF DOMINICK L. DICARLO

Mr. Chairman: I am pleased to respond to your interests and concerns regarding international narcotics control efforts in Southeast Asia's Golden Triangle. We recognize that the concern of the Subcommittee stems from the recent increase in opium and heroin production from the region, and that the objective of the Subcommittee is to assess the regional and international implications of this increased availability.

INTERNATIONAL NARCOTICS POLICY

Our assessment of the situation in Southeast Asia, and our programmatic responses in the Golden Triangle, must be understood within the context of the international narcotics control policy. This policy, developed by our Bureau under our Foreign Assistance Act and Executive Order mandates, has most recently been expressed by the Department in a statement Deputy Secretary Stoessel provided to the Committee on Foreign Affairs in the House of Representatives.

The four basic policies which govern our program strategy are:

1. The major narcotics producer nations are all signatories to the Single Convention on Narcotics Drugs, under which each country has responsibility for controlling the cultivation, production and trafficking in narcotics.

2. The international community should assist those nations which need help in controlling production and distribution of illicit substances.

3. Crop control, which can be achieved through government bans, chemical or manual eradication at the source, or controlled reductions to legitimate quotas, is the most effective, efficient, and economical means of reducing the availability of opium, cocaine, cannabis and their derivatives. Our corollary policy for the psychotropic drugs, which are controlled by a separate international convention, is to seek limits on imports and exports.

4. Narcotics-related economic assistance, by the United States Government or international organizations, should be conditioned on concurrent agreements on the control of narcotics production.

When implementing these policies, there are a number of considerations which affect and influence our program strategy for each country and worldwide. The principal considerations, all of which are relevant to our strategy for Southeast Asia, are:

1. While there have been notable achievements in crop control and interdiction efforts, these successes in recent years have been marginal in terms of reducing worldwide availability of heroin, cocaine, and marijuana.

2. Interdiction efforts, which include arrests, seizures of drugs in transit, and capturing of financial assets, are not adequate in terms of worldwide effort, given current levels of production and profitability.

3. Comprehensive crop control programs are not now politically or operationally feasible in every producer country.

4. Both producer and transit nations are increasingly impacted by domestic drug abuse problems—as are the major industrialized, consumer nations—factors which present improved opportunities for both control agreements and increased international support.

SOUTHEAST ASIA

Opium and heroin are the target drugs for United States and foreign government control activities in Southeast Asia. Two successive droughts (1979–1980) significantly lowered Southeast Asian production from its average levels of 550 to 660 metric tons per year. During the drought, production dropped to 180 metric tons in 1979 and to 212 metric tons in 1980, resulting in steep price increases and the displacement of Southeast Asian heroin in both European and American markets.

However, intelligence reports estimate that, with excellent growing conditions in the 1980–81 crop year, Golden Triangle production may have reached a record harvest of 600 to 700 tons in early 1981—with estimates of an equally large harvest from the 1981–82 crop year.

The changing market profile for Southeast Asian heroin is shown in the following chart:

PRODUCTION OF 1976-81 METRIC TONS OF OPIUM

	1976	1977	1978	1979	1980	1981
Burma	400	300	325	125	160	500
Thailand	50	45	70	17	12	50
Laos	60	50	50	40	40	40–60
Total	510	395	445	182	212	[1] 590

[1] Minimum estimate.

These data, when fitted with intelligence reports from other growing sectors, especially Mexico and Southwest Asia, underscore critical points about the U.S. heroin market.

In the years following the peak importation of 7.5 tons of heroin in 1975, the United States actually experienced a decline in heroin availability, due in part to the successful Mexican opium poppy eradication program and to the drought in Southeast Asia. However, increased importation from Southwest Asia stabilized total imports from all sources at approximately 4 tons of heroin per year. And, while drought, low prices and a government ban on cultivation reduced Pakistani production in 1980 and 1981 to a maximum of 125 tons, there is a considerable stockpile from a 1979 Pakistani harvest of 700–800 tons.

Thus, with this increased Southeast Asia availability, there is at least the possibility of increased importation from all three sectors—including Mexico, where cultivation has reportedly expanded slightly. There is an expectation that traffickers connected with Southeast Asia producers will attempt to recapture and expand markets in the United States and Europe. At present, we offer no predictions on changes in import or usage levels.

The object lessons that can be inferred from these data are: (1) despite some expansion in crop control and improved interdiction efforts, the U.S. heroin market remains quite vulnerable to change in production levels and distribution patterns—which, like the droughts in the two Asian areas, are more influential at present on that market than our enforcement efforts (2) United States and international activities must be directed comprehensively at all three of the major opium producing areas, simultaneously; (3) greater emphasis must be

placed on crop control, given the limitations on interdiction and other enforcement efforts to cope with production at these levels; and (4) recognizing political and economic realities, control of production to minimum feasible levels in Southeast Asia will not be readily or quickly achieved.

The United States has had limited information about Laotian narcotics activity since the formation of the Socialist Government, and, except as specifically noted, the references to the Golden Triangle in the ensuing discussions pertain only to Burma and Thailand.

Growing areas

The opium growing areas of all three countries of the Golden Triangle are remote, trackless and rugged, inhabitated by ethically distinctive tribal people—hill tribes who have grown opium for decades as their major cash crop. These hill tribespeople (Shan, Kachin, Karen, Lisu, and Lahu, among others) have practiced a "slash and burn" method of agriculture over the centuries; their seminomadic way of life and cultivation exhausts the soil and destroys the natural erosion control of trees and plants so that much of the area is not receptive to cultivation. In addition to providing a guaranteed, although labor intensive cash crop, opium has historically satisfied their medicinal requirements as well. However, opium addiction has resulted from this medicinal use.

All too frequently, the growing areas are either beyond the reach of local government control, or receive limited government involvement in control efforts.

Trafficking organizations

Trafficking in opium in the Golden Triangle is controlled by various insurgent, revolutionary and warlord groups. Several of these groups control the refining of opium into heroin.

Warlord armies control the majority of the narcotics trafficking in the Golden Triangle and the refining in the Thai-Burma border area. Most of these groups masquerade as ethnic insurgents, are well armed, and are organized along military lines. The soldiers may be Shan, Aka, Lahu or Lisu; most of the leaders are Chinese, Sino-Thai or Sino-Burmese. Many have a history of involvement with the Kuomintang military units, some with ties reaching back to World War II. In Burma, several of these units were Kha Kwe Yei, the so-called Burmese militia units deputized by Rangoon in 1967 to fight the Burmese Communist Party. All of these groups were officially outlawed by 1973. Today, their activities cover a broad range of illegal enterprises ranging from narcotics trafficking and refining to smuggling consumer goods into Burma. Over the past decade, the most significant trafficking groups have been the Chinese Irregular Forces (CIF) and the Shan United Army (SUA).

From the early 1950's to about 1975, most of the Golden Triangle narcotics trafficking was controlled by the Third and Fifth Chinese Irregular Forces (CIF), which were headquartered in Thailand at Tam Ngop and Mae Salong, after their bases were forced out of Burma in 1961. These groups, which are currently estimated to number about 10,500, are the remnants and descendants of Nationalist Chinese groups which retreated into Burma and Thailand in 1948 to 1952. In 1972, the United States supported a Thai Government effort to remove the CIF from the narcotics trade. In exchange for the CIF's promise in 1972 to refrain from further involvement in narcotics, the Thai Government provided financial assistance and permission for legal residence in Thailand. Subsequently, it has become clear that, while some CIF narcotics activity may have been reduced, the CIF has not ended its involvement as promised.

In 1972–73, warlord leader Lo Hsing Han made a major attempt to supplant the CIF, in alliance with other insurgent and warlord groups, including the Shan State Army. Lo's effort to control the narcotics trade was aborted with his arrest in 1973 by the Thai Government and extradition to Burma for trial and imprisonment. In 1975, the first of the Burmese Government's "Mohein" operations seized the most important of the CIF's narcotics refineries, and stockpiles, dealing a serious blow to CIF domination of the narcotics trade.

Burmese Government military operations during the 1973–1977 period also brought an end to the immense mule caravans that formerly transported opium south out of Burma into Thailand. To avoid increasingly vigorous Burmese attacks and to reduce the chance of detection, traffickers began using smaller caravans, and resorting to human carriers.

Warlord Chang Chi-Fu (or Khun Sa) took advantage of the disruptions caused by these Burmese anti-naroctics measures against other larger and established

trafficking groups, and, after 1975, expanded his own narcotics operations. Described as a rebellious former Burmese militia commander, Chang Chi-Fu was under Burmese confinement from 1969 to 1975, when he escaped. By 1978–79, Chang-Fu had secured control of about two-thirds of Golden Triangle heroin production. Headquartered in the Thai border town of Ban Hin Taek, Chang built up an extensive network of contacts in Thailand as security against attacks by the Thai Government. He also developed a propaganda image as a popular Burmese ethnic insurgent leader, and an image as a security bulwark for Thailand against advances by the Burmese Communist Party. Chang occasionally provided soldiers to the Thai military for counter-insurgency operations. Chang, who has since entered into extensive business arrangements with the Burmese Communist Party, is now a prime target for the anti-narcotics actions of the Governments in Rangoon and Bangkok. His group calls itself the Shan United Army.

The Shan United Army currently is the most important trafficking and refining organization. Outlawed by the Burmese in 1971, this 3,500-man organization operated until January 1982, out of a base camp in Ban Hin Taek, Thailand, just a few kilometers from the Burmese border.

In February 1980, the Burmese Government attacked SUA narcotics refineries in the Lao Chi area. Over the border, the Royal Thai Government, after several less effective measures against Chang, offered a $25,000 reward for his arrest, and then increased efforts to ensure Thai control over the area around Ban Hin Taek. These efforts culminated in the January 21, 1982 assault by Thai Border Patrol Police and the Thai Air Force on Ban Hin Taek; this full-scale military operation resulted in the destruction of SUA barracks and Chang's home, and in the capture of significant amounts of military and communications equipment, arms and munitions. The raid disrupted the last stages of the opium harvest in the Chang Rai area, which was destroyed by Thai troops, thereby reducing the overall opium total for Thailand as well as disrupting refinery operations. While the raid is said to have driven most of the SUA out of Thailand, Chang Chi-Fu escaped capture.

However, the raid, the loss of life (16–17 Thai police and a greater number of the SUA), and the resultant publicity is said to have raised the consciousness of the Thai public to the dangers of allowing narcotics traffickers to control significant portions of Thai territory.

We expect continued pressure by both the Thai and the Burmese against the SUA. The Thai Government has assured the United States that it will continue to pursue Chang and prevent his establishing an army again in another area of Thailand.

At the same time, the United States expects the Thai and Burmese Governments to continue pressure against other trafficking groups which may attempt to replace the SUA, particularly the Chinese Irregular Forces. The Burmese Government is keeping a close watch on Lo Hsing Han, freed in a 1980 amnesty, to prevent his re-involvement with narcotics.

An important factor in the current assessment is the full-scale move by the Burmese Communist Party into narcotics after 1978–79. Narcotics trafficking by BCP elements prior to 1978 appears to have been the work of individuals without explicit approval by the party leadership. However, in 1978–79, the BCP appears to have been compensating for a cut-back in Chinese assistance by resorting to party-sponsored and centrally-directed cultivation of and trading in opium—including the association with the Shan United Army. Today, the BCP has an estimated armed strength of 10,000 to 12,000 men (with a 30,000 man militia as well), and controls large areas of Burma, particularly in the Shan Plateau, which are centers of opium poppy cultivation. The BCP has moved closer to the Thai/Burmese border recently, and has involved itself in the refining and trafficking of opium and heroin, as well as cultivation.

The anticipation is that the BCP will attempt to expand its narcotics operations and profits at the expense of other groups.

Another element in the Golden Triangle situation over the past two decades has been the ethnic insurgency on Burma's eastern and northern borders, which has acted as both a shield and spur to narcotics trafficking. The Burmese Government considers the insurgency situation per se as strictly an internal problem, and we are convinced that foreign government encouragement or assistance would currrently be of little or no use in resolving it. Its solution rather lies in the efforts of the Burmese Government to harmonize its relations with these minor-

ities—as evidenced in the 1980 political amnesty and subsequent negotiations between the Government and two insurgent groups.

In addition to the former warlord groups, revolutionary and insurgent groups, there are a number of consistently merging and dividing syndicates, and independents, who from time to time are involved in trafficking or refining or both. Often they pay a percentage fee to one of the major trafficking groups for refining facilities or protection.

Refining

Narcotics refining in the Golden Triangle occurs primarily in Burma. Many of the refineries are located a few meters from the Thai border, allowing ready movement of the facilities and their products into Thailand as the need arises.

An understanding of the nature and character of this refining process is as important to assessing the difficulties of controlling Southeast Asian production as is the understanding of the trafficking system and the principal traffickers.

The typical refinery is located in rough terrain dominated by jungle-covered ridges, near small streams. The equipment is easily dismantled, and fairly primitive: enameled pots of copper vats, strainers and filters, pans, trays, and a simple heating source, usually a charcoal-fueled stove. The chemicals, particularly acetic anhydride, are primarily supplied illegally from industrial sources in Thailand or Malaysia. The heroin chemists are generally ethnic Chinese who reside at the refineries.

The laboratories refine the morphine base (pit'zu) into either heroin number 3 (smoking variety) or heroin number 4 (which is 95 percent pure and suitable for intravenous injections). The raw opium, particularly from Burma, is reduced to pit'zu very close to the poppyfields for convenience of travel, since the process reduces the opium down by a factor of 10 to 1.

Recently, a refined form of heroin base—a step between pit'zu and heroin 3 or 4—has been discovered by narcotics agents, especially in Hong Kong. This heroin base is particularly prized by the professional narcotics trafficker because it can be refined by a relatively simple process into heroin 3 or 4.

There has been a recent decline in the availability of precursor chemicals such as acetic anhydride used to refine opium into heroin, as a result of Thai enforcement efforts. Reports indicate that the amount of acetic anhydride reaching the northwest border refineries has dropped significantly, while prices have increased. Refineries are reportedly having more difficulty in converting their bumper stocks of raw opium into heroin, and some refining activities have apparently moved to the Thai/Malaysia border.

Distribution

Trafficking patterns have changed as the interdiction efforts of the RTG and SRUB police have improved. Today, one rarely sees the caravans of 900 pack-mules that once worked their way across the mountainous ridges of the Thai/Burmese border. These mule caravans were brought to an end by the Burmese Government military operations during the 1973 to 1977 period. To avoid increasingly vigorous Burmese attacks, traffickers began moving smaller caravans, and resorting to human carriers rather than mules to further reduce the chance of Government detection.

The vast majority of the narcotics moving out of the Golden Triangle continues to cross the Thai/Burma frontier, which remains the site for over three-quarters of the region's heroin refineries—but, today, trafficking is often accomplished by truck or river boat. While most Golden Triangle narcotics are transported out of Burma's Shan State and across Thailand to reach the outside world, new routes have also been developed along the Burmese Tenassieam coast to Malaysia, or south through central Burma to the Andaman Sea, and thence to Malaysia and Singapore.

Major international airports remain the preferred departure areas for traffickers, although Customs seizures significantly increase the risks. In an effort to deceive Customs officials, couriers are taking circuitious routes, which include the Peopie's Republic of China.

SOCIAL, POLITICAL AND ECONOMIC FACTORS

While the patterns of narcotics production and trafficking have changed and modernized since the mid-1960's, when opium caravans transversed Burma and Thailand almost without interruption, there have also been important changes

in the impacts this production and trafficking have had on governments, economies and indigenous populations—social, political and economic impacts that, to some still undetermined degree, represent new motivations for increased narcotics control activities.

One of the most significant factors affecting the attitudes of some Thai and Burmese leaders toward narcotics is the recognition that their people have developed serious addiction problems. While opium consumption and addiction have been historical, addicts are no longer relegated to opium dens in "China Town" or in the hill tribes—and there are now large heroin-using populations, including young, primarily urban addicts.

There are an estimated 400,000 to 600,000 heroin addicts in Thailand, out of a population of 48 million people. The estimates are that Burma now has about 30,000 heroin addicts and that Malaysia, a prime consumer of Golden Triangle narcotics, has from 100,000 to 300,000 heroin addicts out of a population of 14 million. These heroin addict populations are considerably higher in proportion than in the United States, which has an estimated 450,000 addicts out of a population of 230 million people.

The fact that much of the Golden Triangle's narcotics production is consumed within the region has important implications for the Burmese and Thai Governments as well as our own. The funds derived from this local consumption provide a resource and financial base independent of the large profits from the overseas trade.

Research conducted by INM leads us to hypothesize that the local addict population in Asia, in fact, feeds the growth and trafficking in narcotics proportionately to a far greater extent than does the international addict population. A significantly greater proportion of the local addict dollar returns directly to the trafficker whereas the higher international price is absorbed to a greater degree by the much higher overhead necessary for international trafficking.

Just as the growing domestic addict populations add immeasurably to internal social and health care problems, the combined domestic and international profits undermine legitimate economies and even support insurrections against the governments.

The Socialist Republic of Burma links narcotics production with the various insurgent groups in that country. As noted, the major poppy growing areas in Burma are in fact not under central government control. Groups like the Burmese Communist Party, the Shan United Army, the Lahu National Liberation Army, and others have turned increasingly to narcotics production and trafficking to finance their activities.

The Royal Thai Government learned through first-hand experience the destabilizing results and dangers to national security of allowing an essentially foreign army to exist and virtually control a significant portion of Thai territory. When the RTG, through the Border Patrol, et al. attempted to dislodge the Shan United Army (SUA) from villages under their control in Northern Thailand in January of this year it (the RTG) met with significant and serious resistance causing the Thai forces to sustain unexpected casualties. The RTG has committed itself to preventing the SUA from re-establishing itself in other areas of the North.

Narcotics refining and trafficking feeds on corruption and encourages it. The corruption of public officials provides disincentives for a stable national policy and economy and discourages positive action against other criminal activities often linked to narcotics.

Although cities in Asia, like Bangkok and some areas of Hong Kong, have serious crime problems, the connection between addiction and street crime has not been made. This is not to say that it does not exist. As mentioned earlier, narcotics activities are often interconnected with other criminal activities such as prostitution and gambling.

REGIONAL STRATEGY

The United States Government's narcotics control strategy for the Southeast Asian region is to stimulate governments to take effective action against illicit drug production and major trafficking that will achieve the objective of reducing narcotics availability to minimum feasible levels.

Diplomatically, we and international organizations we fund, impress upon governments in this region (and all other regions) their national responsibilities under treaties to control illicit narcotic cultivation, production and trafficking. We recognize that some governments need assistance in fulfilling these obliga-

tions, and we provide bilateral assistance on a country-specific basis—as well as support through multilateral programs and through U.S.-funded regional programs. This assistance not only encourages governments in the region to undertake primary programs on their own initiative, but is critically important to the success of those initiatives.

Moreover, we believe that U.S. assistance, both on a direct basis and through regional programs, in treatment, rehabilitation and prevention demonstrates our concern for Asian drug abuse problems—and encourages recipient governments to cooperate on enforcement programs.

The United States also recognizes that crop control can have adverse impacts on local economies in producing countries—which are generally under-developed and resource-poor—and we therefore provide or stimulate the creation of income replacement projects.

The Bureau believes that such multi-faceted approaches are essential to reaching our narcotics reduction objectives in Southeast Asia.

While our regional strategy is heavily focused on Thailand and Burma, the Bureau also supports program initiatives in Malaysia and Indonesia, and other countries in the area, through our East Asian regional project.

INM has budgeted $7.700,000 for programs in East Asia in fiscal year 1983.

In the balance of our testimony, we provide details—on a country by country basis—on host country programs in crop control, interdiction and demand reduction, as well as data on the assistance provided by United States agencies, interdiction organizations, and other foreign governments, who also provide bilateral assistance. These reports by country also include our assessments of the effectiveness of these efforts, the problems encountered, and prospects for future effectiveness.

THAILAND

Overview

Thailand is a grower of opium, a limited producer of refined opiates from the Golden Triangle area, the major country of transshipment for Southeast Asian heroin, and has a large addict population.

The major U.S. Government (USG) drug effort in Thailand focuses on opiates (opium, morphine base, and heroin), although cannibals is also grown in Thailand. There is no licit production of opium, coca methaqualone, cannabis, amphetamine, or chemicals for conversion or refining of opium. There is some licit production of barbiturate pills or capsules from imported powder.

The goal of the USG is to assist the Royal Thai Government (RTG) in reducing to the minimum feasible level as rapidly as possible the amount of opiates (and to a lesser extent other illicit drugs) produced in, transmitted through, or used in Thailand.

Social, economic and political environment

Although opium has been an economic and sociological fact of life in Thailand for centuries, international trafficking of finished narcotics from Thailand (and other countries in the Golden Triangle) is a modern phenomenon from the 1960's in large part as a result of the build-up of U.S. military forces in Indochina at that time. U.S. military personnel in Thailand and Vietnam provided a ready market for No. 4 heroin (about 90 percent pure fine powder suitable for injection), while No. 3 smoking heroin (the more traditional and popular Asian product) was being produced for local consumption and for shipment to newly expanded markets in Europe. Although the withdrawal of U.S. forces from Southeast Asia from 1973 through 1975 caused a temporary curtailment of the No. 4 heroin market, a replacement market made up of the indigenous populations in Thailand, Burma, and Malaysia developed rapidly, as did new markets in Europe and the United States.

Production of opium by the hill tribes of northern Thailand has always been sufficient to meet local demand. For many of these farmers opium is the only or principal cash crop. Rice production in the area is insufficient to meet subsistence requirements. New crops have been introduced, but with the exception of potatoes and coffee, have not "caught on" either in interest or market value. For Burmese insurgents and warlord groups who cross the Thai border and who, in fact, control areas in Thailand, the cash from trafficking in opium serves as a principal means of paying troops and purchasing weapons. For the dishonest official, bribes by opium traffickers, buyers, et al. offer an accepted method of supplementing a traditionally meager government salary.

Thai officials historically have been relaxed about narcotics grown, refined, transported through, or shipped from their country since there was little perceived narcotics problems among ethnic Thai. Opium smoking (primarily limited to the Chinese in the cities and hill tribes in the countryside) was banned by the King in the early 1960's but the extensive sales of 90 percent pure heroin to American military in Thailand did not arouse major official concern. However, in the ten years since the withdrawal of U.S. forces, Thailand has developed a serious local drug abuse problem. Thai officials estimate that there are between 400,000 and 600,000 heroin addicts with about 80 percent living in Bangkok. In addition, marijuana is readily available throughout the country, and there are increasing reports of misuse of tranquilizers, barbiturates, amphetamines, and morphine.

The narcotics problem in Thailand is not given the highest priority by the RTG. Problems of internal security, refugees, relations with Cambodia, Laos, and Vietnam, and the floundering economy are of more immediate concern to both the Thai Government and the public. On the other hand, the RTG does devote considerable amounts of funding and manpower to anti-narcotics efforts.

Unfortunately, the results are not proportional to the amounts of time, money, and manpower expended. A primary aim of the USG narcotics problem in Thailand is to develop Thai institutional capabilities to deal with narcotics problems.

Illicit drug patterns

Opium is grown in the northern Thailand area bordering the Shan State of eastern Burma and western Laos. This area, along with the Kachin State in northeastern Burma and adjacent areas in Yunnan province in southern China is known as the Golden Triangle. In Thailand the principal opium growing areas are in Chiang Mai, Chiang Rai, Me Hong Son, and Nan Provinces, with lesser amounts grown in adjacent northern provinces.

Opium production in Thailand (and the rest of the Golden Triangle) dropped significantly in 1979 and 1980 because of a severe drought. As a result, prices for opium rose drastically over that period. This price increase is largely responsible for the increase in planting in northern Thailand. Good rainfall and expanded plantings led to the bumper crop of 1981 (50 tons).

Because of its long seacoast, extensive river system, and large numbers of fishing boats, it is quite difficult to control narcotics traffic in, around, and through Thailand. Most of the traffickers are ethnic Chinese but there are also a number of Thai involved. Established trafficking groups will control the refining operations or a group of financiers will pool their resources to purchase a quantity of heroin from a refinery. They then locate a courier to carry the narcotics to a point of debarkation and additional courier(s) are found to smuggle the shipment to the country of destination. In addition to these organizations there are casual overseas purchases, frequently addicts, who come to Thailand to make a purchase and attempt to smuggle it out of Thailand.

As described in more detail earlier, trafficking within the Golden Triangle is controlled by warlord armies, and revolutionary or insurgent groups.

Many syndicates or combinations of syndicates and individuals control the international trafficking. Big-time traffickers usually are well-connected and successful in avoiding arrest. Hong Kong, Penang, Kuala Lumper and Singapore, as well as Bangkok, provide way stations for international narcotics traffic and banking facilities for "laundering" the enormous amounts of money generated by the narcotics trade.

Efforts at drug control to date

An immediate goal of the USG narcotics program is to develop Thai institution capabilities to deal with the narcotics problem in Thailand. The ultimate goal of the U.S. narcotics program is to enable the RTG to reduce, to the minimum feasible level as rapidly as possible, the amount of opiates produced in, transmitted through or used in Thailand. These objectives can be achieved by thorough, efficient, and effective Thai law enforcement programs, enforcement of the ban on opium growing, with alternative crop substitution, treatment rehabilitation and prevention education. Narcotics control assistance from fiscal year 1972 has amounted to almost $23 million; INM has budgeted $2,300,000 for Thailand in fiscal year 1983.

Law enforcement

The Thai National Police has been the primary narcotics suppression body in Thailand. Police General Pow Sarasin is the Senior Thai official involved. Since

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1973 Special Police Narcotics Suppression centers have had units in Chiang Mai, Bangkok, and Haad Yai. In addition, the Bangkok Metropolitan Narcotics Unit is a specialized unit in the capital. The Thai Border Patrol Police have traditionally conducted narcotics operations primarily in the North along the Thai-Burma and Thai-Lao borders. Royal Thai Customs has special units at international embarkation/debarkation points.

The USG has provided both equipment and training to all of the Thai law enforcement entities. Thai customs narcotics units increased from 7 to 84 members in the last few years. Customs and DEA training in methods of narcotics interdiction, investigation techniques and teaching methodology is geared toward assisting the RTG enforcement agencies to become self-sufficient in meeting requirements for narcotic law enforcement.

The Office of Narcotics Control Board (ONCB) is the coordinating agency on narcotics matters, and through the Department of Technical and Economic Cooperation (DTEC) the agency designed to represent the RTG in matters relating to grant assistance programs with donor countries, has helped in the development of programs in meeting this goal.

Crop substitution eradication

Thai government crop substitution efforts have been carried out for over 15 years, orginating with the "King's Project," in Chiang Mai Province. Eight years ago UNFDAC (United Nations Fund for Drug Abuse Control) became involved in the programs. Our objective is to support the UNFDAC efforts and a U.S. Agency for International Development (USAID) rural development project in the Mae Chaem watershed area. Although the programs have been successful in terms of demonstrating new crops to limited numbers of farmers, they have, thus far, had very limited success in reducing the numbers of acres planted with opium poppies. The RTG has taken little effective action in enforcement of its opium growing ban. Without adequate enforcement of the ban—including destruction of opium fields—opium will be grown by the hill tribes because it is a guaranteed cash crop with returns that have increased significantly over the years.

Demand reduction

Demand Reduction programs in Thailand incorporate prevention, treatment, and rehabilitation. The RTG actively supports demand reduction, as is demonstrated by a relatively high level of cooperation and coordination between the Bangkok Metropolitan Health Department, the Office of the Narcotics Control Board and the Ministry of Health. The overall project goal is to reduce the demand for narcotics in Thailand, prevent further spread of drug abuse to rural areas, and stimulate increased cooperation with law enforceemnt agencies through increased public and official awareness of the social impact of addiction.

The USG program provides training, technical assistance, and equipment for treatment and prevention. This project had been scheduled to terminate in fiscal year 1982; however, a new project agreement on prevention, which emphasizes increasing Thai awareness of its drug abuse problems and preventive education, has been signed to continue through fiscal year 1984.

Other Government agencies

The U.S. Department of Agriculture has been funding $500,000 per year for the past two years in crop substitution activities which were initiated in 1973. This program is incorporating as its objective timely opium cultivation control. The USAID Mae Chaem project of rural development in an opium growing watershed was signed in August 1980 to raise the standard of living of the initial USG contributions was $4.2 million, but a total USG contribution of $10 million is anticipated over a 7-year period. The RTG is to provide $11 million as its contribution to the project. USICA has a modest information program on prevention.

International organizations and other countries

As noted, the United Nations (UNFDAC) has an active crop substitution program which we support. The U.N. contribution is $2.4 million for 5 years matched by $1,235,800 in RTG funds. UNFDAC is evaluating this project this spring and will determine there from its future activity in crop control. In addition UNFDAC has under consideration a program for treatment/rehabilitation and prevention, and research projected at almost $2 million matched with $9 million RTG funding over a 4-year period. This program would build upon the USG programs in demand reduction.

The Colombo Plan spends $10,000 annually, primarily in training and conferences. The RTG contributes $5,000 per year to the Plan.

The Federal Republic of Germany has initiated a crop substitution project in Northern Thailand with the orientation phase cost of almost $90,000 to be matched by an RTG contribution of almost $73,000.

An $80 million World Bank rural development project in Northern Thailand will include several opium growing areas, but has not yet been implemented.

Canada has provided $200,000 for narcotic related projects in health and crop substitution and training. The United Kingdom has provided some commodities, a coffee expert, and $50,000 each year to RTG law enforcement. New Zealand, France and Japan provide funds for educational grants and other crop substitution programs.

Other U.S. assistance

In fiscal year 1981, the United States contributed $80 million to Thailand for economic and military assistance programs, e.g., foreign military sales credits, military education and training, refugee assistance, developmental assistance, anti-pirate activities, narcotics control ($2.74 million), and for the U.S. Peace Corps ($2 million). The Peace Corps has 19 staff and 165 volunteers in Thailand.

PROSPECTS FOR THE FUTURE

Although the U.S. narcotics assistance program has been active in Thailand for some time, the success ratio, particularly in terms of controlling the "choke points" of entry of refined heroin from Burma, has not been in direct proportion to the inputs of funds. However, many Thai understand the importance of control of opium production, refining, and heroin trafficking both for their own social and economic well being and for the international ramifications of being the primary conduit for illicit drugs in Asia.

There has been limited success in interdiction particularly in Customs enforcement, seizures and rehabilitation. In view of the importance of encouraging and assisting the RTG in their anti-narcotics efforts, we continue to demonstrate our commitment by providing assistance to the RTG in response to its public commitment to broad anti-narcotics efforts. We also assist in developing the motivation and follow-up mechanisms to ensure that the positive words of the well-intentioned members of the RTG are matched with deeds.

The Thai have failed to enforce the opium poppy ban, even in areas which has benefited from the United Nations crop substitution program. And, while we applauded the Government's raid in January, actions are needed to consolidate and expand this disruption of trafficking.

BURMA

Overview

Burma is the primary opium growing area in Southeast Asia. The area of intensive cultivation spans a region of mountains and jungle encompassing most of the Shan Plateau running from the Eastern Kachin State along the Chinese border down nearly 600 miles into the Kayah State with the most intensive area of cultivation each of the Salween River and north of Kengtung. This area has traditionally provided a staple, cheap, and plentiful supply of opium for the international market.

The United States has a direct interest in reducing the flow of Burmese opium and heroin into the international and U.S. markets. Our bilateral program of assistance to Burma is very important to the Burmese because the dangers both of domestic narcotics abuse and international narcotics traffic are well understood by the highest officials of the Socialist Republic of the Union of Burma (SRUB) and throughout most elements of Burmese society.

The SRUB is committed to eliminating domestic drug abuse, reducing opium production and destroying organizations which grow and traffic in narcotics. The Burmese have developed programs involving military and para-military operations in narcotics source areas against narcotics caravans and refugees, route interdiction, law enforcement, treatment, rehabilitation, crop substitution and destruction, education, and propaganda.

Past estimates of opium production in Burma have run as high as 500 tons per year. In 1979 and 1980 crop years, however, production was significantly reduced because of severe drought and Burmese government crop-eradication ef-

forts. The drought drove prices up sharply—almost 400 percent for opium. In response to the high prices, cultivators greatly expanded production and this, combined with a return of good growing weather, resulted in a record opium crop in 1981. Better growing weather in 1981 has contributed to a 1982 bumper crop, estimated at 500-600 tons.

Small quantities of cannabis are grown in Burma primarily for local consumption, although some cannabis grown in border areas may be smuggled into Thailand.

We assume that between 100–200 metric tons of the opium grown in Burma is absorbed within Burma either as opium or as heroin or lost in handling, storage, etc. Traditional estimates indicate that about 50 percent of locally grown opium crosses the border as refined heroin.

Social, economic, and political environment

For the Burmese Government, illicit narcotics pose a combination of social, political, and security problems—all inter-related.

The social problem of narcotics in Burma is both historical and modern. Opium usage and addiction in Burma is not a recent phenomena. The hilltribe growers of the area historically have consumed the products of their labors for medicinal purposes as well as for general addiction. In 1942, when the British evacuated Burma in the face of the advancing Japanese Army, there were 50,000 registered opium addicts. However, in recent years there has been a growth in heroin addiction among ethnic Burmese in urban areas. Burmese Government statistics for 1981 (as reported from Embassy Rangoon) indicate that 35,347 persons are registered addicts; 18,907 persons are undergoing treatment. Given the assumption that the country absorbs almost 50 percent of its annual opium crop, either as opium or as heroin, there must be additional large numbers of opiate users or addicts who are not registered, and the real total of opiate users may be as high as three times the number of registered addicts.

The increasing world focus on the role played by Burma's opium crop in international trafficking has led to concern on the part of the SRUB over its international public image. In 1974 Burma passed a strict Narcotics and Dangerous Drug Law. Since then anti-drug efforts have been given a high priority by the Government and the general population. The Burmese enforcement agencies and courts enforce narcotics laws vigorously and generally impose severe sentences on convicted offenders. Sentences of five years' imprisonment for illegal narcotics usage are not uncommon. Convicted peddlers and traffickers inevitably receive long prison sentences, with ten years generally the minimum. On December 15, 1980, the Burmese Government issued an order establishing rewards for seizures of narcotics and other contraband. This reward system may increase the amount of narcotics seizured in Burma.

Burma's narcotics problem is intertwined with the insurgency problem. Since independence in 1948, the Rangoon government has been plagued by rebellious groups seeking national power (the Burmese Communist Party—BCP) and by ethnic minorities seeking autonomy for their regions (the Shan, Kachin, and Lahu insurgency groups, to name a few). To these groups have been added several powerful armed bands of narcotics traffickers, usually ethnic Chinese, at least in leadership. The largest of these trafficking groups are essentially merchant warlord armies contesting the central government for control of opium-growing areas and associated trafficking routes.

The Burmese Communist Party, in particular, appears to be increasingly dependent upon opium for its support since China appears to have reduced substantially its financial and material support of the insurgency. The warlord organization Shan United Army (SUA), headquartered in North Thailand but operating on both sides of the border as well as in Northern Burma, also derives most of its income from narcotics trafficking and refining as well as other illicit enterprises.

A significant reduction in opium production and trading would affect some areas of Burma more than others. The economy in the Eastern Shan State appears to be heavily dependent upon opium revenues. For some hilltribes, opium growing in the past has been an acceptable and valued cash crop. The recent prohibition against opium growing and the subsequent SRUB eradication programs have taken away some disposable income from growers, but the majority of growers were rarely totally dependent upon opium for their livelihood.

Illicit drug patterns

Opium is purchased from growers by large trafficking organizations of three general types: Revolutionary Movements, Ethnic Insurgent Groups, and Bandit/Warlord Bands. In addition, there are various consortia and individual entrepreneurs who involve themselves in the refining and movement of heroin from the border to regional or international markets.

Opium leaves the crop areas both as raw opium (which may be consumed locally) and as impure morphine base (pi'tzu). The raw opium or base is usually transported by porter column or pack-mule train to the domestic market or refinery on the Thai-Burma border. Heroin or other opium products generally enter the international market through Thailand.

Efforts at drug control to date

The goal of the United States narcotics program in Burma is to assist the Government of Burma in its effort to reduce the growth, refining, and trafficking in opium and heroin in Burma and for the international market.

United States assistance has been significant in supporting Burmese anti-narcotics efforts, some $47 million over the last 10 years. INM has budgeted $5 million for Burma in fiscal year 1983.

American-Burmese cooperation against illicit narcotics is based upon a June 1974 bilateral agreement effected by an exchange of notes between the American Ambassador and the head of the Burmese police forces. Under the terms of this agreement, and subsequent amendments, the United States agreed to provide Burma with helicopters, fixed-wing aircraft, communications equipment and associated training and equipment-maintenance support. Additionally, to assist the Burmese Government to develop replacement means of income for former opium growers, the United States has provided limited assistance in development of alternative agriculture and livestock projects.

Our crop substitution program includes special beekeeping and swine husbandry training at Ohio State University for eight Burmese students at a total cost of $187,000. On its part, the Burmese Government has agreed to (1) to use such equipment primarily for the suppression of illicit cultivation, processing and trafficking of narcotics; and (2) to provide the United States with necessary information on specific efforts undertaken in relation to the above objectives.

Burmese programs

Narcotics in Burma is a multi-faceted problem and the country has developed an integrated strategy for dealing with it. The Burmese Central Narcotics Control Board (CNCB), chaired by the Ministry of Home and Religious Affairs, presides over eight deputy ministers from other concerned government departments. Responsibilities of the CNCB are nationwide and include all aspects of the Government effort, including enforcement, crop/income substitution, and treatment/rehabilitation.

(1) Enforcement.—A basic part of the Burmese enforcement strategy focuses upon interdicting narcotics caravans and destroying refineries and base camps operated by trafficking groups. The Burmese have been active both in major operations against the BCP narcotics activities and the poppy eradication programs. According to official Burmese reports during 1979, the police handled a total of 2,495 narcotics cases of all categories. Of these cases 835 involved opium; 536 involved heroin; 292 involved marijuana; 720.70 kilograms of opium; 55.35 kilograms of heroin; and 269.01 kilograms of marijuana were seized.

(2) Crop substitution eradication.—In the 1981–82 season, the Burmese Government estimates that they have eradicated between 10,000 and 15,000 acres of opium poppy that could have produced as much as 30,000 to 45,000 kilograms of opium. This is an increase of almost double last year's destruction.

A Burmese crop substitution program supported by UNFDAC is making progress in distributing coffee and tea plants, seeds for spices and medicinal herbs, and improved livestock to farmers in areas in which opium was formerly grown. The CCDAC is establishing a multi-sectoral livestock, horticultural, and demonstration center at Pekhon in the Southern Shan State. The purpose of this center will be to provide training and to demonstrate viable crop substitution and livestock production. The INM program has provided bees, quail, and related equipment and training to support pilot programs for crop substitution.

(3) Treatment, rehabilitation, training, and information.—The Burmese Ministries of Health and Social Welfare have responsibility for addict treatment

and rehabilitation programs, respectively. Treatment centers have been established in each of the major population centers with addiction problems. Larger hospitals have treatment wards; district and township hospitals have a basic capability for treating addiction. Rehabilitation centers have been established in Kengtung, Namla, Rangoon, Mandalay, and Lashio. Both treatment and rehabilitating centers have been improved and expanded by UNFDAC.

The Burmese Government conducts a continuous program of narcotics information through the Government-controlled news media, in schools, posters, and public and party indoctrination sessions.

(4) International organizations.—As indicated, UNFDAC has several programs in Burma. Between 1976 and early 1981, UNFDAC assisted Burma through financing a large multisectional drug abuse control program involving activities in law enforcement, crop and income substitution, education, health, and vocational rehabilitation at a total cost of $5.571.000 over the 5-year period. A Phase II of this program was agreed upon in June 1981 for 5 years at a cost of $5,042,000. Development aid funds for this program has been provided by the Government of Norway.

(5) Other United States assistance.—In fiscal year 1981 the United States provided Burma $4 million in AID assistance for public health and training programs, and in fiscal year 1982 proposed to provide them $7.5 million for agricultural and public projects.

Additionally, the United States provided $150,000 in fiscal year 1981 for security assistance programs (training) with an equivalent amount for fiscal year 1982.

Prospects for the future

When considering the future of narcotics suppression in Burma one must remember that it is essentially a Burmese program, not an American one. The ultimate success or failure of the program (used in the broadest sense of the term) will depend upon Burmese efforts prompted by Burmese perceptions of national priorities.

The United States has assisted and cooperated with the Burmese by providing some needed enforcement equipment (i.e. the purchase of and maintenance funding for telecommunications equipment, a small fleet of helicopters and fixed-wing aircraft) and modest support for Burmese pilot programs for crop substitution in opium growing areas. In addition, the United States has provided training for Burmese officials with responsibilities for customs and narcotics enforcement.

Our programs have helped sharpen Burmese focus on their narcotics problems and our material assistance and training has given them the tools for the job at hand. However, although the Burmese have the necessary expertise and experience to plan and execute their own programs, they would most likely lessen INC priorities in the absence of U.S. assistance due to financial constraints and competing security demands.

Politically, our narcotics cooperation has fostered a unique (for neutralist/isolationist Burma) bilateral relationship in which the assistance of a major power relates to a sensitive Burmese domestic issue. It appears, at least from the Burmese view, that U.S. assistance is useful but not critical. Because of the relationship between insurgents and trafficking groups the Burmese have been fighting them for years with little or no outside help and they will continue to do so with or without U.S. assistance as long as it appears to be in their national interest. They would, however, be less effective. Therefore, recognition of and respect for Burmese sensitivity is essential to program planning in the future. On the other hand, we must recognize the significance of Burmese effectiveness in their implementing their own programs with the limited amounts of USG assistance. The numbers of acres of opium crop destroyed and opiates seized when viewed in relative terms is significant. Furthermore, the continuing SRUB efforts in fields not directly supported by U.S. assistance are a measure of their commitment to the overall goals of narcotics control.

The narcotics program in Burma must also be viewed as an integral part of the Golden Triangle narcotics phenomena. As long as Burmese warloads/insurgents/bandits know that they receive tacit safe haven in Thailand and can cross the Thai border with impunity, the Burmese police/military actions and threats are limited in their effectivness.

OTHER EAST ASIAN PROGRAMS

INM supports other program activity in East Asia through its own East Asian Regional Project and through funding and other support for the Colombo Plan project.

A specific goal of the Bureau's East Asian regional project is to support regional programs among ASEAN member nations which are designed to impede illicit narcotics production, processing, trafficking and consumption. The INM regional program includes law enforcement, prevention education, and technical assistance in treatment and rehabilitation.

The Bureau has budgeted $400,000 for its regional projects.

For example, in Malaysia, which is both a major narcotics consumer as well as an important transshipment center, the Bureau will allocate approximately $200,000 from its regional budget—funds that will be used for training of Customs and narcotics investigators, for development of a national strategy on drug control, and for other staff training, as well as a demand reduction assistance program.

Similarly, in Indonesia, where our objective is to assist that government in preventing the country from becoming either an alternative opium growing area or a transshipment point, the Bureau's agreement, through 1984, is to provide commodities, training and personnel exchanges—an estimated cost of $107,000—to stimulate the Indonesian Government to take more comprehensive actions on its own initiative, in both supply reduction as well as demand reduction.

Senator HAYAKAWA. Thank you, Mr. DiCarlo.

Mr. Mullen, do you have a prepared statement?

STATEMENT OF FRANCIS M. MULLEN, JR., ACTING ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, ACCOMPANIED BY JOHN WARNER, DIRECTOR, FOREIGN OPERATIONS; JOHN O'NEILL, ACTING REGIONAL DIRECTOR, FOREIGN OPERATIONS—FAR EAST DESK; GORDON FINK, JACK GREENE, AND FRANK SCHULTS, OFFICE OF CONGRESSIONAL AND PUBLIC AFFAIRS

Mr. MULLEN. Mr. Chairman, it is a pleasure to be here today with the Subcommittee on East Asian and Pacific Affairs to discuss the drug enforcement situation with respect to Southeast Asian heroin.

Accompanying me today are Mr. John Warner, Director of Foreign Operations; Mr. John O'Neill, Acting Regional Director for Far East Matters; Mr. Gordon Fink, Mr. Jack Greene, and Mr. Frank Schults, from our Office of Congressional and Public Affairs.

With your permission, Mr. Chairman, I will submit my prepared statement for the record. It addresses, in depth, the extent of opium poppy production in Southeast Asia and how it is converted to heroin and trafficked.

I would like briefly to describe the movement of Southeast Asian heroin to the United States and what the international drug enforcement community is doing to control that movement.

Since 1980, several major syndicates have been aggressively developing networks to traffic Southeast Asian heroin. DEA is monitoring the activities of Thai national, Mexican, and Mexican-American trafficking and distributing organizations.

Couriers travel on commercial airlines; and traffickers also use air freight, the international mails, and merchant vessels. In the United States, the west coast is the dominant point of entry. At the present time, Mexican hercin is still predominant on the west coast, with

Southeast Asian heroin representing approximately 15 percent of the heroin market. Interestingly, however, Southeast Asian heroin is now appearing in some areas that traditionally have been dominated by Mexican heroin.

Our enforcement and control program must be a combination of realistic crop control measures, diligent enforcement efforts, and cooperation among nations and agencies. We have seen demonstrations of increased commitment from source nations; however, there is still opportunity to have a greater impact on drug production and trafficking.

Specifically, in Burma, where the bulk of the opium poppy is cultivated, the government there has accelerated both enforcement and crop destruction and substitution programs, despite their limited manpower and financial resources. Their enforcement offensives, conducted under very difficult circumstances because of the remoteness of the area and the well financed and equipped trafficking syndicates, have been successful in destroying refineries and seizing drugs, the chemicals which are used for their manufacture, and arms.

The Burmese deserve recognition for these efforts and for accepting assistance from the United Nations Fund for Drug Abuse and Control for the development of a comprehensive crop control program.

The Thais also have stepped up their enforcement operations, particularly in the north, against the heroin refineries. Most notably, in January of this year, for the first time, the Thais launched an offensive against Chang Chi-fu. With the support of his insurgent Shan United Army, Chang Chi-fu controls 70 percent of the heroin production along the Thai-Burma border, and has the worldwide connections to market the heroin.

DEA's objective, as the U.S. Government's principal drug enforcement representative overseas, is to work in concert with our foreign counterparts to instill in them the expertise to be self-sufficient to suppress drug production and trafficking. DEA now has 63 personnel, 42 of whom are special agents, stationed in the Far East for authorized investigative, intelligence, and training assistance. We maintain an active liaison program to encourage cooperation and the development of host country capability.

DEA special agents overseas provide host country counterparts with general information for effective enforcement programs. They conduct enforcement operations, for example, with undercover penetrations of organizations or by providing surveillance assistance for support of host country operations. These agents coordinate matters regarding extradition, expulsion, or joint prosecutions. Similarly, they are working to develop evidence against traffickers that will be admissible in the American criminal judicial system.

DEA agents also acquire drug samples to be analyzed by our forensic laboratories here in the United States, so that we can determine the origins of the drugs and develop better indications of drug trafficking trends. Additionally, our agents develop general intelligence information regarding drug cultivation, production, and transportation to support the overall enforcement program.

In the area of financial investigations, DEA has been active not only domestically, but also in the international arena as well. We are actively encouraging and working with Southeast Asian nations on

the development of a multinational response to attack the tremendous profits of drug trafficking. Special operations that have been implemented as a result of this effort have been very successful and are models of international cooperation to attack the drug money flow.

Our liaison program with foreign officials is very important to our international effort. The training, briefings, exchanges, and contracts with host nation counterparts support global drug enforcement efforts. I have personally met with high ranking representatives of the governments of Hong Kong, Thailand, Singapore, and Malaysia. I look forward to furthering these relationships and developing others later this year, when I travel to Southeast Asia for an onsite assessment of the drug situation and our operations.

In conclusion, I would like to reiterate the need for continued and enhanced cooperation among nations and among all branches of government. The administration is committed to an active, dynamic drug control program, and we are moving forward with this important agenda.

Mr. Chairman, I thank you for your interest in the Southeast Asian drug program and the support we now have and that I know you will lend to us in the future.

I will be pleased to answer any questions which you may have.

[Mr. Mullen's prepared statement follows:]

PREPARED STATEMENT OF FRANCIS M. MULLEN, JR.

Chairman Hayakawa, Members of the Subcommittee on East Asian and Pacific Affairs: I am pleased to appear before you today to give testimony on the production and trafficking of Southeast Asian heroin and the narcotics control efforts underway in the Golden Triangle region. Before presenting the testimony on this situation, however, I would like to briefly describe the emerging international drug trafficking patterns in general terms.

INTERNATIONAL TRAFFICKING

Drug control is clearly an international issue. All of the heroin and cocaine and most of the cannabis available in the United States is cultivated and processed from agricultural sources in Southwest Asia, Southeast Asia, South America and the Caribbean.

A pillar of DEA's effort is to stop drugs at their source rather than as they approach or cross United States borders. This results in a greater impact because quantities seized at the source are much larger and purer than when seized on the streets of United States cities. Consequently, DEA personnel are stationed in foreign countries to support host countries' efforts to eliminate cultivation, production and conversion of drugs and to stop shipments of drugs destined for the United States. These efforts include the provision of technical assistance through training and the exchange of intelligence in cooperative investigations. Stopping drugs within the source country or as close to the source as possible has proven to be an effective approach to reducing the supply of illegal drugs.

OPIUM PRODUCTION

Opium production is a major problem in three diverse parts of the world: Southwest Asia (Pakistan, Iran, Afghanistan), Southeast Asia (Thailand, Laos, Burma), and Mexico. Successes in controlling the production of trafficking in drugs from one country or region is often offset by new sources or increased supplies from another area.

In 1975 over 85 percent of the heroin abused in the United States originated in Mexico. A very successful Mexican eradication and enforcement program resulted in significant decreases in Mexican heroin availability. Although the volume of heroin entering the United States continued to decrease, heroin from Southeast Asia began to represent a significant proportion of the heroin available

in the United States. That trend continued for several years (1976–1979) until a severe drought in the Golden Triangle over two growing seasons greatly diminished that region's heroin production. Again, however, another source was ready to make up for the shortfall in heroin availability. Today, Southwest Asia produces the majority of the heroin abused in the United States.

The fact that there are three geographical areas of the world involved contributes to the complexity of the problem. Three diverse sets of growing conditions, political situations and economics affect the annual production of opium and subsequent availability of heroin.

SOUTHEAST ASIAN HEROIN

The dynamics of the heroin market are once again in flux, changing at a pace unparalleled in modern history. The Golden Triangle of Southeast Asia—Burma, Thailand, and Laos—is a traditional, primary source of the opium that supports heroin addiction in Southeast Asia, Australia, the United States and Europe.

Several years ago, at the peak of heroin consumption in this country, Southeast Asian heroin accounted for a significant market share in the United States. However, this share declined in the wake of enforcement initiatives and two consecutive drought-diminished opium poppy harvests in the 1978–1979 and 1979–1980 crop years. Normal weather patterns and adequate rainfall returned to the Golden Triangle in 1980–1981 to support the increased opium poppy planting, a consequence of the farmers' response to the unusually high prices which resulted from the drought-induced opium shortage. Favorable weather conditions also increased the yield per acre.

Intelligence reports now forecast that the most recent harvest produced 600 to 700 tons of raw opium, as contrasted to a normal pre-drought harvest of about 425–450 tons. By way of comparison, during the droughts, the harvests were 250 tons maximum.

Well over half of this production from the Golden Triangle will be consumed in the region or will be stockpiled for later sale because the current glut has depressed the market and, as a consequence, the price for raw opium has plunged. As with any other commodity, the opium growers are holding some of their supplies until the price rises again. Nonetheless, the balance of opium available for conversion to heroin is more than adequate to support addicts around the world. It is conceivable that there will be as much as an additional 15 tons of heroin available to the world market. That is almost 4 times the volume of heroin consumed annually in the United States. It is expected that the increased production of heroin from this bumper crop will enter the international traffic and compete with Southwest Asian heroin for the European and North American markets.

Cultivation centers

Most of the opium production in the Golden Triangle occurs in the Shan and southern Kachin states in Burma. It is expected that the current crop will produce up to 600 tons of raw opium. A significant portion of the area under cultivation is controlled by the Burmese Communist Party, an insurgent group which utilizes the sale of opium, morphine, and heroin base to trafficking organizations to finance their activities directed against the central Burmese government. As I will explain shortly, this situation has a tremendous bearing on any source control policy options.

The balance of the opium cultivation is in the mountainous areas of Thailand, to a lesser degree along the Thai/Lao border, and in the mountainous regions of northern and western Laos. The quantity of opium expected from the current crop in these regions is estimated to be approximately 100 tons. It is also noteworthy that the opium production in good crop years has been as much as 70 tons in Thailand and between 70 and 100 tons in Laos.

Transporting raw opium to laboratories

Individuals and caravans transport the opium, morphine, and heroin base over difficult terrain to rudimentary, clandestine conversion laboratories hidden along about 100 miles of the Burma/Thai border. This area is mountainous, covered by jungles and is virtually inaccessible from Burma. At any one time, there may be from 9 to 15 active laboratories. Enforcement actions often temporarily disrupt activities in the laboratories, but as they are only bamboo and tin roof structures, they can easily be reestablished.

The distributing of opium and the refining of heroin along the Burma/Thai border is largely under the control of the Shan United Army (SUA), an insurgent, separatist organization. The SUA, which is the primary opiate consumer of the Burmese Communist Party, is thought to be comprised of 3,500–5,500 soldiers, and is led by a Shan-born Chinese, Chang Chi Fu.

The Thai government has recently intensified its enforcement efforts against drug trafficking at the border. As a consequence of this, some raw opium and partially refined heroin is now shipped overland to southern Burmese ports or to ports on the Gulf of Thailand and from there inland to Thai sites at the Malay border. At these locations, the opium is processed through intermediate and final stages and then shipped to Hong Kong for refinement into high-quality heroin.

Conversion into heroin

Even when there was a general reduced availability of opium from Southeast Asia, heroin production in Hong Kong remained at a constant level. Sharply increased seizures in 1981 and early 1982 reflect the dramatic upsurge in activity following the harvest of the bumper crops. Officials in Hong Kong have expressed concern that although past enforcement activity had effectively controlled the situation, the Crown Colony is now growing in significance as a heroin processing and transshipment point.

The laboratories that have been seized in Hong Kong convert heroin base into heroin No. 3 and No. 4. This is a relatively fast, odorless and simple process, that does not require acetic anhydride, a precursor chemical which is extremely difficult to obtain in Hong Kong. Further, there is information developed from investigations which has implicated "old name" heroin traffickers, once thought to be eliminated, in the international trafficking of Southeast Asian heroin from Hong Kong to European cities.

There is also some information which suggests that there is heroin refining activity in the third corner of the Golden Triangle, Laos. It has been suggested that the Laotian government may be encouraging heroin production in order to bolster their foreign exchange.

Trafficking patterns

In general, Southeast Asian heroin trafficking activity has been accelerating since late 1980 as narcotics stocks were unloaded in anticipation of the forthcoming enormous harvest. This phenomenon has been most evident in Thailand, where arrangements for narcotics purchases, sales and the movement of opiates, and enforcement counteractions have increased. Several major Sino-Thai trafficking syndicates have been aggressively working on the development of heroin smuggling systems from the Far East to the United States, utilizing established routes and new ones which now transit Mexico or the Caribbean. Other organizations have established themselves by investing in legitimate businesses and property in the United States. Reportedly, some Chinese traffickers have also begun preparations to resume their activities in the Netherlands and Europe.

Trafficking patterns within the United States

The dominant point of entry for Southeast Asian heroin in the United States is the West Coast, where heroin is shipped directly from Thailand by commercial air couriers, air freight, international mail, and merchant vessels. Heroin also reaches the United States through Hong Kong, Canada and Europe, along routes determined by the distribution organizations based in the United States.

The most frequently used commercial air smuggling route into the West Coast is from Bangkok through the airports of Honolulu, San Francisco or Los Angeles. Another route often used by passenger couriers transits Hong Kong, Tokyo, and Manila prior to flying to the West Coast. Couriers have also been documented flying from Vancouver, Canada to Mexico City for overland shipment into the United States.

While considerable amounts of opiates are being smuggled from Thailand to other Asian nations, the availability of Southeast Asian heroin has not, as yet, increased dramatically in U.S. markets. Despite this, several trafficking patterns have emerged which we are monitoring. One of these is the emergence of Thai nationals engaged in heroin trafficking to and within the United States. Several years ago, when Thais first became involved in SEA heroin importation, they had relative ease in obtaining and transporting heroin from Thailand to the United States, but lacked the necessary connections to street-level distributors. Time has apparently taken care of this difficulty. Longer residence in the United States has afforded the Thais the opportunity to establish such contacts. Thai

nationals are now most active in California where they have developed associations with both Mexican and Mexican/American criminal elements who have been recruited as couriers and street-level pushers. The Thai traffickers have also formed alliances of another sort. Some, who were arrested in the United States in the mid to late 1970's for narcotics trafficking, allegedly continued selling heroin while incarcerated. Since their release, they have cultivated these contacts and continue to supply U.S. based American and Mexican organizations.

DEA is monitoring one other trend. Thai nationals, including a Thai diplomat suspected of operating a smuggling ring, have been arrested on charges of smuggling heroin to Chicago in diplomatic pouches used for confidential communications. If these patterns continue, greater quantities of heroin from the Golden Triangle might be available on American streets in 1982.

Availability of Southeast Asian heroin on the west coast

Although Southeast Asian heroin is the second most frequently encountered type in California, it usually accounts for only 10 to 15 percent of the heroin consumed in this area. Heroin from Southeast Asia represented 15 percent of the West Coast market in 1979 and fell to 9 percent in 1980. The current estimate is that 13.6 percent of the heroin market is of Southeast Asian origin.

Heroin found in West Coast cities is most often of Mexican origin; however, Southeast Asian heroin is now appearing in small quantities in areas that traditionally have been dominated by Mexican heroin. In addition, Southeast Asian heroin is the dominant type in Hawaii and Guam, almost to the exclusion of all others because of the proximity of these two areas to source countries and their large Oriental populations.

Significant seizures of Southeast Asian heroin are usually made at San Francisco International Airport and it is the second most available form found in the Bay Area. However, Southeast Asian heroin is rarely found in areas outside the city limits which suggest that San Francisco is a transshipment point for other destinations.

Southeast Asian heroin is occasionally found in Los Angeles and surrounding counties such as Riverside, Ventura and Orange, but not in significant quantities. Other neighboring areas, such as San Bernardino, San Luis Obispo and Santa Barbara report that Southeast Asian heroin is seldom encountered.

NARCOTIC ENFORCEMENT AND CONTROL INITIATIVES

Despite an increased level of the commitment and effort, enforcement initiatives conducted by Southeast Asian governments, have been, for the most part, much less than is needed to curtail or affect opium growing or narcotics production and trafficking in or from the Golden Triangle. The world community must continue to address this problem using every approach known. There must be realistic crop control programs, diligent enforcement operations, and above all, international cooperation.

Our primary goal is to reduce the quantity of opium and its derivatives produced in, all smuggled through the Southeast Asian countries. Obviously, the endeavors directed toward controlling production of the raw material will yield the greatest results.

For at least two centuries, opium has been the major cash crop for the hilltribe farmers in the Shan and Kachin states of Burma. Any actions on the part of the Burmese government must take into account the tradition and livelihoods of these people, and their fierce determination to preserve their heritage and way of life.

In recent years, despite limited manpower and financial resources, the Government of Burma has accelerated both its enforcement program and its research programs on substitute crops. Both of these directions are closely allied to their anti-insurgency program. The reality is, however, that Burma does not have sufficient resources to sustain actions to counter the Burmese Communist Party (BCP) insurgency and also to move against the well-financed, entrenched narcotics trafficking syndicates.

The Burmese have a limited opium crop destruction program for the Shan state. Poppy crop destruction is conducted manually by both the Burmese Army and by police units in "safe" and "contested" zone in the Shan states. This process is time-consuming and requires substantial on-site security, but the Burmese have no alternative as they are not yet prepared to eradicate the poppies with an aerial campaign. Unfortunately they cannot effect a destruction program in the "enemy-

controlled" areas, where the majority of the opium is cultivated. Nonetheless, the government's program in the 1980–81 season destroyed almost 6,000 acres, which the Burmese estimate would have yielded roughly 18.5 tons of opium.

Over the past several years, the Burmese Government has launched a series of offensives against the movement of opium by the well-guarded animal and human caravans on the jungle trails to the processing sites. These series of raids, called "Mohein" (literally, "Thunder"), strike at the caravans, blocking their traditional routes, destroying refinery sites and seizing large amounts of narcotics, chemical supplies and precursors, and arms and ammunition.

Again, the geographical, topographical environment protects most of the refineries. The border areas are remote, with a jungle terrain and no access roads. The operators are equipped to move the facilities back and forth across the border into another jurisdiction as the need arises. There is neither government control nor presence in these areas.

The Government of Burma adheres to a policy of genuine political nonalignment and, as a result, has had limited involvement with international organizational organizations. It has only been since the late 1970's that the Burmese Government has been willing to cooperate in an international narcotics control program. To their credit, they have accepted assistance from the United Nations Fund for Drug Abuse Control (UNFDAC), and are pursuing a comprehensive drug control program which addresses law enforcement, agricultural development, education, health, and social welfare.

The Thai Government is also committed to drug control, and is willing to pursue both crop control and enforcement initiatives. The Thais are now facing a burgeoning drug abuse situation within their country and a new, unprecedented wave of violence is threatening the country. As in Burma, the realities of tradition, culture and geography greatly affect action proposals and their outcomes.

The Thais are legitimately concerned with balancing their commitment to support the people of their nation and to support international narcotic control efforts. Opium poppy cultivation is a traditional source of income for the hill-tribe farmers of Thailand. Any program to eliminate and/or destroy such cultivation must provide a viable alternative for these people, who number between 300,000 and 400,000.

The Thais attempted to initiate a system for opium-free zones in the northern part of the country during the 1979–80 growing season; however, the difficulties associated with implementing such a program in conjunction with the drought resulted in negligible crop destruction. A similar opium destruction program was planned for the most recent harvest, but again, it never reached fruition.

Although the Thai Government has threatened to destroy illicit crops, enforcement action to back-up this program generally has not been forthcoming because, as Thai officials have often explained, the substitute crops are not a viable economic alternative for their people. Thus, it is easy to see how the Thai's seemingly "two-step forward, one-step back" approach to implementing a crop destruction/substitution/control program is affecting the Government's credibility both domestically and internationally.

Thailand is the key to the traffic in Southeast Asian heroin because it is an accessible source country and a primary processing and trafficking point. The volume of drug trafficking emanating from Thailand appears to be growing rapidly. Supplementing the elaborate trafficking infrastructure already in place are the increasing number of foreign purchasers travelling directly to Thailand, bypassing the traditional courier/trafficking networks. Thus, it is imperative that there be an aggressive, potent enforcement program in Thailand.

An important diplomatic situation that ultimately will have to be resolved concerns enforcement actions at the Thai/Burma border. Historically, the Thai and Burmese have not trusted each other. Until recently, much of this animosity had been focused on the activities of Chang Chi Fu who, from the Burmese perspective, had been untouched by the Thais because his Shan United Army acted as a Communist buffer in Thailand. In the past, Burmese officials have expressed concern that the Thai tolerance of Chang Chi Fu's activities compromised and detracted from the effectiveness of law enforcement efforts.

The Thai Government has been embarking on enforcement operations directed against the narcotic trafficking groups operating in Northern Thailand, the area most involved in conversion of raw opium to morphine base and heroin. In the past several years, major offensives have destroyed refineries, narcotics

stockpiles, and equipment. Several major precursor chemical and heroin smuggling organizations have been disbanded, although there are many others still operating. More recently, the Thai Government has taken dramatic action against the Shan United Army (SUA) and its leader, Chang Chi Fu who is, without a doubt, the most powerful figure in the production and trafficking of heroin from this area. His armed SUA has controlled and protected at least 70 percent of the refineries in Burma and supplied heroin to ethnic Chinese trafficking organizations in Thailand. These organizations have distribution connections to their countrymen throughout the world. In January 1982, the Border Patrol Police and Royal Thai Air Force raided the SUA stronghold of Ban Hin Tek and drove Chang Chi Fu and the SUA from the area. The final outcome of this action remains unknown; however, heroin continues to be readily available and is still coming to the United States.

Both Thai and Burmese law enforcement and high-level officials have met with each other and spoken of their willingness to cooperate and their hopes that cooperation and relations between the two countries improves.

DEA's international program

The goal of our international program is to reduce the drugs available in this country by controlling and reducing production of illicit substances at their foreign source. The principle thrust of this approach is to both motivate and assist foreign source, transit, and victim countries in the development of drug law enforcement and ancillary programs to reduce the supply of illicit drugs cultivated, processed and trafficked for consumption in the United States. Our intent is to disrupt the flow of drugs as close to the foreign sources as possible, with the general aim of disrupting the international flow of drugs.

The Drug Enforcement Administration is the United States' drug enforcement representative overseas. Internationally, DEA's primary objective is to work in concert with foreign counterparts to instill within them the expertise needed to utilize their own resources to the maximum extent to suppress illicit drug production and trafficking.

An important element of the DEA international program is the collection and production, on a regular basis, of operational intelligence and strategic foreign drug-related intelligence so that limited enforcement resources can be used effectively. This information also enables us to recognize and forecast future drug producing and trafficking trends which facilitates our planning efforts.

There are 63 DEA personnel stationed in Far East countries, of which 42 are Special Agents. DEA foreign activities rely on authorized investigative, intelligence and training assistance in those foreign areas thought to be most critical to the reduction of drugs destined for the United States. Efforts in this area include:

Development of sources of information knowledgeable of illicit cultivation, production and transportation activities.

Undercover penetration of trafficking organizations in support of host country operations.

Surveillance assistance and development of evidence against major traffickers of drugs destined for the United States.

Provision to host countries with information for effective enforcement programs.

Participation with foreign officers in pursuing investigative leads.

Coordination of matters regarding extraditions, expulsions, joint prosecutions, and requests for judicial assistance.

Acquisition and transmittal to the United States of drug samples supplied by Foreign government officers for laboratory analyses to determine the origin of drugs destined for the United States.

Additionally, DEA maintains an active liaison program, which includes visits, briefings, exchanges and contacts with foreign law enforcement officials, to encourage cooperation and development of host country drug enforcement capability and commitment. DEA conducts a variety of international training programs, funded by the State Department, to ensure that our foreign counterparts have sufficient knowledge and expertise to conduct effective drug control programs.

Financial investigations

In another regard, cooperative enforcement efforts among several Southeast Asian nations have led to unprecedented ventures to attack the profits of heroin traffickers. The Hong Kong Government has emerged as a substantial force

among Southeast Asian governments in the effort to reach traffickers through financial investigations. This is a natural response because of Hong Kong's position as a major international financial center. Hong Kong is a free currency market, which means that any amount of each or gold can be brought into or taken from Hong Kong without restrictions. This environment is tailor-made for international drug trafficking organizations. Bank security regulations also aid individuals who wish to disguise their fortunes. Hong Kong also serves as the center of the so-called "Chinese underground banking system", whereby money is transferred between countries by using gold shops and money lenders as conduits. This system is virtually as safe for the traffickers as a bank transfer, and it leaves no paperwork trail.

DEA has been at the forefront of drug-related financial investigations and has been actively encouraging countries to monitor the flow of illicit funds within their jurisdiction to consider the enactment of new, or the enforcement of existing, legislation calling for the seizure of narcotics-derived assets.

In the fall of 1980, the Hong Kong Narcotics Bureau sponsored a seminar for law enforcement officials from Malaysia, Singapore, Thailand, Canada, the Netherlands and the United States to discuss drug-related financial investigations and cash flows. An immediate outcome was that the participants agreed to exchange intelligence on narcotics-related transactions and to mount cooperative enforcement operations against drug traffickers. They also set up an ad hoc working group to investigate Southeast Asian trafficking organizations.

Analysis of successful investigations conducted thereafter enabled authorities to identify specific organizations specializing in moving illicit profits and proceeds and to determine the destination of their monies. Authorities in Hong Kong, Singapore, and Malaysia have been able to document the movement of extremely large sums of money to Thailand.

Based on a review of these investigations, it has been shown that nearly all narcotics-generated funds are ending up in Thailand. These investigations were instrumental in prompting the Malaysian Government to propose the enactment of a law to seize illegally obtained assets. Further, that Government has recently imposed a requirement on all banks to identify all individuals transferring funds throughout Malaysian banks. In Hong Kong, law enforcement authorities are seeking legislation that would allow the courts to "strip traffickers of their massive profits gained from peddling drugs." Hong Kong law already provides for the imposition of stiff fines—up to $1 million upon conviction. Unfortunately, although Thailand has laws controlling currency, there is little or no enforcement of these provisions.

In conclusion, it is readily apparent that the drug enforcement task in Southeast Asia is enormous and complex. It is a problem that cannot be solved by one entity alone; the support of foreign governments and all branches of our own government is necessary. It is important that we do what can be done and that we are communicating the appropriate message to foreign governments, to drug traffickers, and to the American people. Our message is that we intend to aggressively combat the drug problem.

Recently, the Attorney General chaired the first meeting of the Cabinet Council on Legal Policy. The Council was created to address the problems associated with narcotics, immigration and other legal policy issues which will require interdepartmental and interagency action.

Within the past several months, we have re-examined DEA's operations, reorganized many programs and with the support of the FBI are targeting additional resources against drug trafficking. But to effectively persuade foreign governments to act on drug control, the Federal Government must combine a convincing domestic program with a consistent diplomatic program. Strong coordination must be enhanced to ensure that all aspects of United States policy support our drug control interests overseas, and we are aggressiveiy moving forward in this area.

I am optimistic that with your support significant inroads are being made and will continue in the year ahead. Thank you for this opportunity to discuss our activities and for your assistance and support.

Senator HAYAKAWA. Thank you, Mr. Mullen.

Are there other prepared statements?

[No response.]

Senator HAYAKAWA. At this point I would like to ask Senator Biden if he has a statement that he would wish to make.

Senator BIDEN. I have a very brief statement, Mr. Chairman.

First, I want to thank you gentlemen for being here and thank you for keeping the commitment that you made early on to this committee, that you would not just treat this issue in the context in which we have in the past—only as a criminal justice question, but as a major foreign policy issue that also involves intelligence, Treasury, and State Department. In the past, we have tended to view it only in such terms as can we pass tougher laws domestically to impact on the issue?

I think the mere fact that you are here before the Foreign Relations Committee emphasizes what I know you gentlemen believe, and that is that we are talking about a problem which, at its root, is international; and which, at its root, must be treated in the context of other foreign policy judgments that we make; and which, at its root, requires the coordination of the foreign policy community, the intelligence community, the law enforcement community, and also the Treasury Department.

So, to this extent, I would like to compliment you and thank you for keeping your commitment.

Mr. DiCarlo, when you had your confirmation hearing, you and I had long discussions about whether or not you would be available to this committee and about the effort you would make within the State Department.

I have a number of questions about what you have described and have been describing for several years as an incredibly serious problem which is not diminishing, but is increasing in terms of its impact on American society.

I thank you, Mr. Chairman, and when my turn comes, I will have some questions.

Senator HAYAKAWA. Thank you, Senator Biden.

Let me begin with a question or two.

I shall not address my first question to anyone in particular. Anyone in the entire delegation can feel free to answer these questions and discuss them as they feel the urge to do so.

I was told last August, during a visit in Hong Kong, that Hong Kong provides managerial skill, a base of operations, and, to some degree, a financial center in support of drug trafficking.

Is this your view? If so, what can be done by our Government to stop this activity. Also, to what degree do the British Government, the Hong Kong Government and, perhaps the PRC Government cooperate with us in Hong Kong?

Mr. MULLEN. I will answer that one, if I may, Mr. Chairman. If Mr. DiCarlo wants to add to it, he may feel free to do so.

Hong Kong is the financial center. It is a free port, and there is a huge money flow, not only of drug funds, but of private funds going through Hong Kong. There are laws on the books which allow for the seizure of assets when these assets are derived from drug trafficking. They are very complicated laws and are not enforced to the degree that we would like to see them enforced.

Officials in Hong Kong are very concerned that too much of an emphasis in this area could impact upon the private industry there and they would lose their financial base.

We would like to see much more done in this area.

This is an area that goes a little beyond the control of DEA. Our best hope is to seize the assets should they at any time come into this country as they are flowing in the money traffic. As far as getting more done in this area, we have had several cases where we have had some success, and we are working with the Hong Kong authorities. But we are encouraging them and are trying to prevail upon them to do much more in this area.

Senator HAYAKAWA. Mr. Mullen, the central question that I am asking is this: Is there cooperation between the British Government, the Hong Kong Government and, perhaps, the PRC?

Mr. MULLEN. With regard to the PRC, I know of no cooperation in that area, Senator. With regard to the British Government, there is cooperation. The same can be said for the Hong Kong Government. But it is not as great as we would like to see. We would like to see much more cooperation, and much more can be done in this area.

Senator HAYAKAWA. When you talk about cooperation, do you mean cooperation between the British Government and the Hong Kong Government or the British Government and the Hong Kong Governments with us?

Mr. MULLEN. That's right, with both governments, at both levels—directly with the British Government and the Hong Kong Government and also those two governments acting in concert. We definitely need more cooperation. There is no question that Hong Kong is the financial center and we have to do more there. We are not doing as much as we could be doing there.

Senator HAYAKAWA. Thank you.

It was also reported in Hong Kong in August that there were indications that the bumper crop of opium was resulting in an increase in trafficking through Hong Kong, which had largely been under control in recent years. This increase in trafficking through Hong Kong has, of course, occurred—has it not?

Mr. MULLEN. The bumper crop certainly has occurred, and an increase in trafficking has also occurred. There is an increase in drug activity and availability, but it has not been as significant as we thought it might be.

As I indicated in my statement, it represents about 15 percent of the market in this country. We are watching and are hopeful that, even though we have this bumper crop and the increased availability, enforcement interdiction and eradication efforts will have some success and we will not see the heavy influx of this heroin on the street.

Senator HAYAKAWA. The Hong Kong Government was considering a more stringent financial disclosure law to assist in tracking down the flow of illegal funds. Has this helped?

Mr. MULLEN. I do not believe that law has passed yet. It is still in the discussion stages. So, at this point it has not helped because it has not yet been passed and implemented.

Senator HAYAKAWA. Did you want to comment, Mr. O'Neill?

Mr. O'NEILL. Thank you, but I have nothing additional to add.

Senator HAYAKAWA. During my visit to Thailand last August, I was told by the Embassy staff that cooperation by the Thai Government with DEA in controlling narcotics left something to be desired.

A senior Thai official pledged his government's best efforts in dealing with this problem.

Has there been an improvement in this area since last summer? Is there room for further improvement? If so, what do you recommend that the Thai Government do?

Mr. DiCarlo. Senator, I was in Thailand after you left. I had conversations with members of the Thai Government. We had very frank discussions. We felt that there was a great deal more that the Thai Government should be doing. We know of their cooperation with the DEA.

For our part, we were emphasizing the importance of the traffic that comes from Burma, where the bulk of the opium comes from, and along the Thai-Burma border, where it is processed, and the need for effective Thai action.

We asked them about their commitment to eradicate the opium poppy in their own country. In Thailand this year we expect about 50 tons of opium to be produced which, if it were processed into heroin, would be equivalent to 5 tons of heroin.

The Thais had made promises in prior years that they would eradicate in villages—where the United Nations Fund for Drug Abuse had its projects—which were ready for eradication. We explored those possibilities and probabilities. The Thai Government at that time said they would eradicate in the 10 "opium free" zones.

Prime Minister Prem came to the United States in the fall of last year, and these promises were again made to us—that there would be eradication. Unfortunately, eradication did not occur in all of the zones. But there was a brighter side to the picture. For the first time this year, the Thai Government has taken effective action against Chang Chi-fu along Ban Hin Taek. They drove the Thais out of Ban Hin Taek. We looked at that as a favorable sign.

It seems to us at this time that the Thai Government is willing to act along the border where these insurgent groups are operating. We are hopeful that the Thais will commence an effective eradication program, particularly in those areas which have been judged by the Thais themselves to be ready for eradication.

So, it is a mixed review as far as the Thais were concerned. We see a light at the end of the tunnel. We see effective action started, and we hope that this will provide the impetus for even more action in the coming year.

Mr. Mullen. Senator, if I might add to that, we find the Thai enforcement officials cooperative. We recently had the seizure of a lab—in fact, it was on May 3—by Thai officials. We had a very sensitive investigation recently involving diplomatic personnel from Thailand. The cooperation on the part of the Thai Government was complete in that case. They gave us everything that we asked for, including the authority to go into a diplomatic establishment to look for drugs. I thought this indicated total cooperation.

Senator Hayakawa. Before I ask for Senator Pell's questions, I have one last general question to ask.

We are dealing with three different cultures here—Thai, Burmese, and Laotian. What is the attitude of these three cultures toward opium related or poppy related drugs? Are they permissive about

them within their own culture? Or, do they disapprove of them severely, as they do, for example, in Japan?

Mr. DiCarlo. I believe that many of these tribes have used opium within their cultures. This has been traditional. Not only is it used, or abused, in the case of smoking of opium, but traditionally it has been used by many of the tribesmen and many of the other people in these areas for medicinal purposes. It is their medicine and they use it to that extent. They use it in their traditional way for medicinal purposes.

But it is not sanctioned within any of their cultures to use it in the form that it is now being used, that is, in the form of heroin. This is something that is relatively new. So, while some of these countries do have a tradition, even a long tradition, or the use of opium, none of them has a tradition of the use of heroin.

What is happening in the area is alarming to the people in the area.

Senator Hayakawa. Is that what we call a recreational use?

Mr. DiCarlo. This is recreational use, which has become extremely severe. It is more than just recreational use; it is addiction that now has taken place.

The Thais told us when they came here this fall that they had somewhere between 300,000 and 600,000 heroin addicts in Thailand, using both No. 3 and No. 4 heroin. They are smoking No. 3 and the type we use here in this country, No. 4, has become a very severe problem.

It is alarming the people in the country because, formerly, the ethnic Thais were not the ones that were using heroin. It was mostly the ethnic Chinese in Bangkok. The problem did not seem as severe. But this now has spilled over into the Thai community, and the problem is extremely bad. The population of Thailand today is about 48 million and they have a larger heroin addict population than we do in the United States, with our huge population.

The Burmese are becoming extremely concerned. Where the traditional user was the elderly person, the farmer who used opium, heroin addiction is beginning to run rampant in a similar way as in Thailand, and it is the youth who are becoming affected.

So, where there was toleration to a certain extent of opium, they are extremely alarmed at the new phenomenon in their country, that is, the production in the country of heroin, and as a result of that production in the labs, the availability of heroin. They are extremely concerned about it, and none of the countries tolerate it.

Senator Hayakawa. Thank you.

Does anyone wish to add to that?

Mr. Mullen. I will add just a bit. Mr. DiCarlo answered very thoroughly. We find much the same thing, that the Burmese, mainly because of their religion, are opposed to heroin use. The Thais are much more tolerant. As Mr. DiCarlo indicated, they have a large addict population. We do not have up-to-date information on Laos because of the Communist-controlled government.

To go beyond these three nations just a bit, the Malaysians have passed very strict laws. I am told that at one point they were concerned about whether they had the capability to develop their armed forces to defend their borders from the threat of the Vietnamese.

So, we see an attitude change in Southeast Asia to one of more opposition to the use of heroin and opium.

Senator HAYAKAWA. Thank you.

Senator Pell.

Senator PELL. Thank you, Mr. Chairman. I have several specific questions.

First, let me be sure that I understand what heroin and what opium you are referring to. You talked about Nos. 3 and 4. What are Nos. 1 and 2?

Mr. DICARLO. I should have asked that question myself before I came here.

Do you know?

Mr. MULLEN. One actually is not even heroin. It is a morphine base. It is in the very preliminary stages of processing.

Nos. 1, 2, 3, and 4 relate to how——

Senator PELL. Are they all from the poppy?

Mr. MULLEN. That's correct. They all come from opium. The Nos. 1, 2, 3, and 4 relate to the stage of development of the drug, with 3 being the smoking stage and the 4 the injectable stage.

Senator PELL. Can you sniff it too, or not?

Mr. MULLEN. I don't know. Do you?

Mr. O'NEILL. I don't think so.

Mr. MULLEN. I am told so.

Senator PELL. The Coast Guard presently estimates that it is stopping 10 or 15 percent of the illegal drugs smuggled in along our coast. I am informed that the Customs Border Patrol estimates they are stopping 5 to 10 percent of the drugs coming from international sources. This is the GAO estimate.

Do you agree with those figures?

Mr. MULLEN. I do not agree with those figures, Senators.

Senator PELL. What would be your figures?

Mr. MULLEN. Well, I would have to go by area. I could not give you a clear answer on, say, the west coast because at this time, with Customs, through blitz type operations, we are trying to determine just how much we are missing. We don't seem to be picking it up at the ports of entry, and it is showing up on the street. So, a good percentage is getting through.

I wouldn't say we are getting 10 to 15 percent. I would go more to 20 or 25 percent, on the west coast.

I know that these hearings are for Southeast Asia, but as long as you did ask the question, let me go to the Caribbean. With the recent interdiction efforts down there in regard to the cocaine and marijuana coming in from Latin America, I have to believe that we are exceeding 80 percent in an interdiction effort. We are finding that the ships and planes have almost stopped.

This is a result of the task force operation and the use of military facilities, such as the Navy radar aircraft. We do know that the material is backing up in Latin America.

For example, the price of marihuana prior to the beginning of these operations was $80 to $85 a pound in Colombia, and you can now buy it for $40 a pound, or thereabouts. So we have seen a drastic drop in the price.

We are sure they are seeking or looking for other means of bringing the drugs into the country. But, hopefully, we will detect that through intelligence and will be able to shift.

Senator PELL. Has the Posse Comitatus Act, whereby you can use the armed forces, been of much help? How has that worked?

Mr. MULLEN. It is working well. It seemed to have started slowly. The military was concerned as to just how deeply they should or would become involved and how much it would impact on their primary mission, the defense of the Nation. But we did get moving, and they are now making intelligence facilities and other resources available. For example, the Navy E–2C radar aircraft have been made available for south Florida and some other areas that I will not mention publicly. But if you are interested, I would be happy to brief you on it. They have also made Cobra-type helicopters available. I was told by U.S. Customs yesterday that, whereas they had a 65 percent success rate chasing aircraft with drugs, using regular aircraft, with the Cobra they have had a 100 percent success rate.

So, the amendment to Posse Comitatus is working. We have formed a committee of U.S. Customs, U.S. Coast Guard, DEA, and FBI to funnel requests to the military so that we will not all be running over there with separate shapping lists and so that we can control our requests.

Senator PELL. Doesn't it seem a little odd that the Coast Guard, which is the prime barrier to the importation of drugs by sea, should be having its budget sharply reduced while having its responsibilities in this field increased, not even taking into account the 200 mile fisheries and economic zone responsibilities or the question of illegal Haitian and Cuban immigrants?

I realize that this is a little off the subject of the hearing, but it does bear on it because of the drug traffic. What is your view?

Mr. MULLEN. My view is they are a magnificent service, and they have done wonders with the equipment they have. I have been told that their cutters are not less than 25 years of age.

Senator PELL. Oh, forgive me. There is one cutter on which I served as an enlisted man before World War II which is still in active service. It's about 50 years old now.

Mr. MULLEN. I do not know what their current budget situation is. I know that at one point they were facing a cut; but I am not aware as to whether that cut was finally implemented.

They are being asked to do an awful lot with limited resources.

Senator PELL. Do you think we ought to go back to what was done shortly after prohibition, when we turned over to the Coast Guard 20 Navy destroyers and let them operate those as a means of enforcing prohibition?

Mr. MULLEN. That does not sound like a bad idea to me. I would want to see what the Coast Guard had to say, whether they had the capability to operate them. But that does not sound like a bad idea.

Senator PELL. Well, I have gotten a little off the subject. But the Coast Guard does play a role on the west coast as well.

Are there many drugs going through Hawaii, or do they just skip that route?

Mr. MULLEN. No, they are coming through Hawaii by sea and by air. They are not only coming directly to the west coast, but also some are

going up into Canada, such as into Vancouver, and are then coming across the lightly guarded Canadian-United States border.

Senator PELL. Why do the drug traffickers prefer operating out of Hong Kong as opposed to Macao, where there is a weak government? It is only 30 miles away and is the same general geographic location.

Mr. MULLEN. I believe it is because the trafficking networks are in place, the contacts are there, and the financial base is there.

I am not certain as to what role Macao plays. I am told it is a minimal role.

So, I think it is because of the networks that are established and in place.

Senator PELL. Thank you very much, Mr. Chairman.

Senator HAYAKAWA. Senator Biden.

Senator BIDEN. Thank you very much, Mr. Chairman.

Mr. Mullen, I understand your reasoning on the domestic side for working more closely with the FBI and the reorganization that has taken place. But can you tell us what, if any, reaction you have had from your sister agencies in other countries with this new arrangement?

Mr. MULLEN. Yes.

When we were conducting the study prior to implementation of the closer working relationship between the FBI and DEA, some, though very few, foreign governments expressed some concern that the FBI was an intelligence agency and they preferred to work with a pure criminal investigative agency. One went so far as to hark back to World War II, when the FBI had agents in South America to combat the Nazis.

This has been very limited, and is not a real concern on the part of foreign governments. I have met with in excess of 40 foreign officials since taking over as Acting Administrator of DEA. None has expressed this concern to me.

The DEA has 172 agent positions overseas. The FBI has 25. In the guidelines established for handling drug investigations overseas, DEA remains the principal agency and will conduct all overseas drug enforcement investigations, both intelligence and criminal, and that includes the FBI. DEA will be the liaison agency and will handle all overseas activity, as it has in the past.

So, we will see no change whatsoever, and there has been no adverse reaction from foreign governments.

Senator BIDEN. What policy changes have been made in our overseas drug operation since the reorganization?

Mr. MULLEN. No policy changes. We have realined assignments to some degree, perhaps putting agents in the lesser developed countries. I am of the opinion somewhat that there are countries, principally in Europe, that have law enforcement agencies with the capabilities of our own. In fact, the West Germans are beginning to assign agents overseas.

We have realined some assignments.

But, with regard to policy, this has been looked at closely and I have been briefed on the issue. I found that DEA is very effective overseas.

So, really, at this point I have made no major policy changes.

Senator BIDEN. You have made a very pressing case about the increase of quantities and purity of Southeast Asian heroin and the impact that will have on the west coast, not dissimilar to the predictions you accurately made about Southwest Asian heroin and the impacts that would have on the east coast several years ago in a major study you conducted, and major investigations and major busts that you had, such as in Sicily and outside the United States in general.

We know what happened with the increase of purity and the overdose death rate, which is one of the means by which you measure use. We have seen it happen on the east coast, in New York City, Philadelphia, Boston, Baltimore, Washington, D.C., and so on. I guess you are telling us that we can expect the same on the west coast. Or are you saying that? Is it the same?

Mr. MULLEN. No, I am not saying that. What we are saying is that the potential availability is there with regard to Southeast Asian heroin, and that is of more concern on the east coast because we have organized crime involvement and they have the ability to distribute it.

But I believe, with the enhanced State Department efforts, interdiction efforts, U.S. Customs efforts, the closer relationship between the FBI and DEA, that we will have the capability to go after organized crime and those who are truly profiting from the drug trafficking.

I am not convinced we are going to see that impact upon the streets. We have seen some increase in the overdose deaths. But it is not really a trend yet, no where near what we had back in the early 1970's. I am convinced that the enhanced enforcement efforts are going to prevent a lot of that from getting to the street.

Senator BIDEN. Let's talk about the enhanced enforcement efforts for a minute.

I acknowledge at the outset that all four of you are in a mildly difficult position. Obviously you don't like the idea—or so I assume, at least I would not be really excited about OMB telling me I could do more with less. Maybe you do believe that. But others of us don't believe that. Others of us believe you need more to do more. Others believe that you have been significantly strapped, and with the new and emerging problem that you have expressed your confidence in being able to deal with better than we were able to deal in the early 1970's with the influx on the east coast. I hope you are right. I admire you for it and I hope this new coordination will work. But let's get into for a moment some of the very practical problems.

Let's take the Coast Guard.

I am on the Budget Committee. I regret to inform you that last night a Domenici compromise was passed that was, in fact, supported by the President of the United States. As the Republican Senator from North Dakota. Mr. Mark Andrews, who chairs the Subcommittee on Transportation of the Appropriations Committee, pointed out, the baseline figure from which compromise starts, which now probably will pass the Senate and which may become law, means that there will be, beyond the cut already taking place, a drastic cut in transportation. Now, transportation is the Coast Guard. The Coast Guard is in trouble.

Your agents have told us, Customs agents have told us, and Coast Guard personnel have told us that they cannot keep up with the new

modern ships that smugglers are using. They are physically blowing up their engines trying to chase down smugglers. It's like giving a cop a Chevy II to chase and run down a high-powered automobile on the highway that is running bootleg in the West Virginia mountains.

That literally is the situation in which they find themselves.

Now we are going to cut them—and I say this not for a response, but just so that you will know. There is $1.6 billion below the baseline that we are now talking about, which will probably mean another quarter billion dollar cut in Coast Guard.

So, beware that you are going to get an opportunity to do more with a lot less. You are really going to have a chance to be able to show what Houdinis you are.

As you well know, last year the Coast Guard suspended all drug enforcement patrols on the west coast because of a shortage of funds. They did that last year.

You acknowledged in response to Senator Pell's question that they are an important element in doing what you hope to be able to do to stem the flow of Southeast Asian heroin to the west coast. If last year they suspended it, and now are going to have less of a budget than they had last year I don't see how they will do it.

But let's focus on you guys for a minute.

The fact of the matter is that DEA will also have 150 fewer positions than the levels identified as necessary in the first fiscal year 1981 budget request.

I guess what I really want to get to is this: how in God's name are you and Judge Webster going to be able to carry out major drug enforcement efforts in California, Florida, and the Northeast with what you have?

Mr. MULLEN. The 150 position figure is not correct, Senator. We are reducing by 100.

Let me explain that, if I may.

I have read some of your statements where you said you don't add nothing and nothing and get something. That is not what we are trying to do.

The 100 positions that are being reduced are all nonagent positions. We recently reorganized DEA. We went from a regional structure to a direct reporting structure, similar to that of the FBI. We dismantled the five domestic regions. Most of the positions that we will be losing are as a result of that reorganization. I believe it has made us a more efficient organization, giving us a national cohesive thrust to investigations.

With regard to the DEA–FBI relationship, when I came to DEA on July 13 of last year, we had less than 15 cooperative investigations. As of this past week, that number had jumped to 153, all of them aimed at financial flow and organized crime.

At the same time, the FBI is opening about 50 new drug cases per week. Now, I don't think it will continue at that pace; but they have in excess of 600 cases, whereas last July 13 they had less than 100.

I believe there will be some prioritizing going on at the FBI. I suspect it will be in the area of white collar crime, where they may require a higher threshold, a higher financial loss before the FBI becomes involved.

So, there will be some give somewhere.

But even prior to the closer working relationship, about 25 percent of the FBI's organized crime cases were leading into drugs. So they merely have enhanced that. They have folded the drug effort within the FBI into the organized crime program.

We have expanded the fugitive program. DEA had 2,750 fugitives when I first went to the organization. We looked at those that were most likely out of the country, such as in Colombia, and picked off the top 300 and referred them to the FBI for fugitive investigations. This enabled DEA to get on with the current workload and to let the FBI do the fugitive work.

That is how we are doing it.

We are going to reach a point, no doubt, where there will be saturation, unless we win, unless we solve it all, which I don't think is likely. When we get to that point, we may have to go to the administration and to the Congress to ask for more resources, if necessary.

Senator BIDEN. What would you estimate the cost to be in carrying out the South Florida effort that is going on right now? Do you have any breakdown of that?

Mr. MULLEN. I do have them, but I cannot quote them to you. If I could make them available for the record, I would like to do that.

Senator BIDEN. Fine. That would be very helpful.

Mr. MULLEN. It will be in the millions of dollars.

[The information referred to follows:]

U.S. DEPARTMENT OF JUSTICE,
DRUG ENFORCEMENT ADMINISTRATION,
Washington, D.C., June 16, 1982.

Hon. JOSEPH R. BIDEN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BIDEN: This is in response to your inquiry of May 6, 1982, during my testimony before the Subcommittee on East Asian and Pacific Affairs concerning the cost of the Drug Enforcement Administration's (DEA) participation in the South Florida Task Force operation.

In order to stem the flow of narcotics into the State of Florida, a six-month interdiction and investigation effort was initiated in April 1982 which involves all related Federal enforcement agencies. The primary thrust of this operation is to provide concentrated and aggressive interdiction efforts and quality investigations that will result in successful prosecution of violators apprehended as a result of task force operations.

The cost of DEA's participation for the six-month task force operation is estimated to be $2,960,000. This figure is comprised of the following items:

Per diem	$909,000
Air travel	137,000
Rental cars and gasoline	172,000
Evidence destruction	250,000
Purchase of evidence and payment to informants	300,000
Investigative expense	204,000
Office related expenses	212,000
Aircraft fuel and operational costs	761,000
Technical investigative equipment	15,000
Total	2,960,000

If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

FRANCIS M. MULLEN, Jr.,
Acting Administrator.

Senator BIDEN. With regard to the transfer of a limited number of agents from other cities to south Florida, we are being told through staff level and me by some of the people in Customs and people in your outfit that it is crippling their efforts in other cities, that you are drawing down on resources in areas that need to send resources to an area that obviously needs help, that everyone understands needs help, and that is Florida.

Let me ask you this. Have you increased the raw number of personnel involved in south Florida drug abatement efforts in the last 6 months?

Mr. MULLEN. Yes, we have. I am reassuring 20 agents permanently to Miami, and this will increase our staff of agents there from 95 to 115. We have 54 DEA agents there on temporary duty for the task force.

But I think to say that it has crippled us in other areas is very strong.

Senator BIDEN. Yes, it is a strong word. Let's say that it has impacted.

Mr. MULLEN. It may impact. We are training 285 FBI agents to conduct drug investigations, and they will go back and spread that expertise to others who will then be able to handle some of those areas wherein DEA does not have personnel.

We can show that the drugs that are showing up throughout the country are coming in, in many cases, through Miami.

Senator BIDEN. I don't disagree with you. In fact, I agree.

If you recall, when I questioned your predecessor on this, I was told that you had enough down there already.

Mr. MULLEN. Well, we did not.

Senator BIDEN. I've been a royal pain in the neck with you guys for the last 5 years, insisting that you take more. I have been sitting on the Intelligence Committee, the Budget Committee, the Foreign Relations Committee, and the Judiciary Committee pumping your budget every year. Every single, solitary year I have tried to give you more than you have asked for. Every single, solitary year I have been told that you don't need more than has been asked for, and every single, solitary year you come back and acknowledge a year later that yes, it would have been nice if you had had more.

I am not criticizing you, but I want to make a point: that the acknowledgement that you made—well, let me put it this way. The problem in Florida has not gotten any worse in the last year. It has been that bad for the last 4 years. It has been a multibillion-dollar problem down there, a multibillion-dollar problem.

In two administrations, State Department, DEA, and FBI have been telling me we have it under control, don't worry, we have the personnel, there's no problem.

Now you finally—and I use "you" in the editorial sense—are saying that there is a problem and you need more personnel.

I would argue that you need even more than you have down there now. The Dominici budget will not give you any money for inflation—you may be able to reorganize and reshift, but something is being left out somewhere. You have to have a net loss in DEA and a net loss in FBI in enforcement efforts across the board.

Now you are telling us that the Senator from California sitting next to me can expect his State to begin to experience an increase in heroin on the west coast—and it is not just his State, but the entire west coast—and you are going to be able to take care of that with less because of the reorganization that is taking place.

I have guys coming to me and telling me hey, look, the FBI—these are your folks in Florida—DEA folks, Customs folks, Coast Guard people are saying to us the following: you know something, we coordinate with the FBI. Every time it comes to the collar and the bust, FBI says to us in DEA, hey, we got it fellas, it's OK we'll take care of it.

You know as well as I do that you still have a morale problem.

Mr. MULLEN. [Nods negatively.]

Senator BIDEN. Oh, you don't think so?

Mr. MULLEN. Senator, that is timeworn, that business about the FBI.

I'm an FBI agent. I started from the street. I'll have 20 years in this month. We are cooperating.

[Pause.]

Senator BIDEN. I am just checking to see whether we can give you a name.

Mr. MULLEN. Yes, let me have a name.

[Pause.]

Mr. MULLEN. I would like to address that issue, Senator, if I may.

Senator BIDEN. Well, I have to figure out a way to protect this guy. I can assure you that they are coming to me. I can guarantee you of that.

Mr. MULLEN. Senator, you are always going to find some unhappy agents. We found one here or two there. We want to group them where they can do some good. If you move one who has been somewhere for 15 years, why it gets difficult. I know it is difficult for them. But we have to put the resources where we need them.

I find that these two agencies are coming together with mutual respect for each other's capabilities. You are going to have isolated incidents. I can't fight that. You will have them, and they will still be happening long after both of us are gone from the scene.

But believe me, we just had 30 FBI agents finish 3 weeks of training at the DEA Academy and another week at the FBI Academy. We sent a number of DEA agents to financial training, and it is going well.

You are going to have isolated problems. Somebody may not want to move. This is a very difficult time to move. But that is something I really can't do a whole lot about.

Senator BIDEN. People are also complaining to me that they don't like the idea that I am pushing the Posse Comitatus as much as I am. You expressed that at the outset you had a problem, but that you are satisfied that this is not a problem anymore.

Are you getting that cooperation now?

Mr. MULLEN. We are getting that cooperation. There has been pressure from the Hill and pressure from the White House. I think the involvement of the military is going to be as significant as the closer working relationship between DEA and FBI. I think we have to give this thing a chance.

Senator BIDEN. I am willing to give it a chance. I just wish you would take more money. When I say "willing," I am being presumptuous. I don't have any choice but to give this a chance. But I would be presumptuous enough to do it a different way.

As you well know, and I expect you take issue with it, the GAO report that was published March 26, 1982, goes back to previous cooperative efforts and the degree to which there has been cooperation between the FBI and DEA. You may not agree with the substance, but you must agree that it is a damning report.

Mr. MULLEN. It didn't work.

Senator BIDEN. It sure didn't.

Mr. MULLEN. We didn't have the mandate. We now have the mandate. The Hill is aroused, the administration is aroused, and Judge Webster and I have both communicated to field offices that we want a measured response in the cooperative effort.

We had a joint conference. The FBI called in all 50 of its agents in charge and I called in the 20 DEA agents in charge. We met together and we planned together. It is working and it will be successful.

Senator BIDEN. Let me quote from that. I do acknowledge that this is the past. But let me quote from page 7 of that report. It says, "The FBI supervisors from all three task forces told us"—that is, the GAO investigative team—"selection of unapproachable targets was a deliberate attempt by DEA to insure that the task force would fail."

Then it goes on with a lot of cross- and counter-accusations.

I acknowledge that this is the past.

Now, I am continuing to be told from not only DEA people—and you do understand why I give this some credibility. We all acknowledge the past was a problem——

Mr. MULLEN. I acknowledge that.

Senator BIDEN [continuing]. Even though at the time we all said it wasn't a problem. Your predecessors would come here and sit down before me and tell me that things are "kopesetic," they really are all right, CIA is cooperating, we could get a little more help from them if we wanted it, but they are cooperating. But CIA tells me look, we don't like fooling around with those guys, we don't like fooling with those "druggies," we don't like fooling with the FBI, we don't like to get into our sources and methods with them.

They don't like doing that. They still don't like doing that and I see no evidence that they are inclined to do that.

State Department was going to come up with a drug strategy. We passed a law referred to, very unobtrusively, as the Biden amendment. It said that by February of this last year there is supposed to be a report on what the strategy is of the drug effort. Notwithstanding what I assume are Mr. DiCarlo's herculean efforts, State still does not think it is very high on the register. The amendment says no later than February 1 of each year the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a report of the status of U.S. policy to establish and encourage an international strategy to prevent the illicit production of an interception of trafficking in narcotics.

The State Department does not have it on their watch. They still don't want to play.

Mr. MULLEN. Senator, I agree with much of what you say about the past, but I do not agree with your assessment of the present.

I would like the opportunity to come up and brief you personally on all of the things you have mentioned, such as our relationship with the intelligence agencies, and to let you know what we are doing.

Senator BIDEN. I am trespassing on the chairman's time and I promise this is the last point I will make, Mr. Chairman, and then I will yield. I do appreciate your giving me this much time.

At each of the confirmation hearings for the Secretary of State—and I will not bother to quote the exchange for you—Mr. Casey, and Attorney General Smith at Justice, I went on at great length and got a firm commitment from them that they would be personally involved and willing to discuss the reorganization efforts with regard to national and international drug strategy.

They all acknowledged that it was imperative that all three be involved.

Now I don't say this in a pejorative sense, but Mr. Mullen, you are not the Attorney General nor are you the DCI; and I have yet to be able to get them to focus on this issue.

Now they may internally have delegated the responsibility to focus on this and the reorganization may be a reflection of that.

But I want to state for the record that I have two overwhelming concerns. The first is that there is still no place in the Federal Government where a drug strategy outline exists that shows each of the requisite agencies that should and could be involved have agreed upon a strategy to approach international drug traffic. It does not exist. If it does, I would like to know where it is and would love to see it.

There is one strategy with regard to nuclear weapons. There is one with regard to the Defense Department. There is a 5-year plan with regard to naval task forces. There is a plan with regard to European and NATO affairs, and so on. But there is no drug strategy that Treasury has agreed upon and signed on to, that State has signed on to, that Justice has signed on to, that the DCI has signed on to, that Customs has signed on to. There still is no one who can task all of you. There is no one place where somebody can say State, why are you not negotiating something about the Grand Cayman Islands and the laundering of money, and so on and so forth.

Mr. MULLEN. May I address that?

Senator BIDEN. Please.

Mr. MULLEN. On March 24, the Attorney General chaired the first meeting of the Cabinet Council on Legal Policy. The very things you mentioned were done. Every agency was tasked, every Department, and State.

Everyone was tasked and given specific instructions: Agriculture, you will do this; Transportation, you will do that, and so on. The Working Group on Drug Enforcement now is drawing up the finalized version of that, about the way it will proceed. It will require some refinement because most of it came from the Attorney General. But the President, the Vice President, and the entire Cabinet were present at that meeting.

There is a book. a proposed strategy. I am hopeful that early this summer we will see it in writing, with the backing of the administration.

Senator BIDEN. Now that is very encouraging. I am prepared to be, uncharacteristically, a good boy and be silent, to give you a chance.

The second big worry I am concerned about is I don't know how you are going to do it with the money you have.

I want to tell you this now. You all are stuck with me until 1984 unless I get shot or impeached. I'm here.

I want to tell you that I am going to be the rottenist SOB in the world. I am going to make it my business to do nothing but spend all my time harassing you guys for the remainder of my term unless, and in fact, there is a drug strategy that is produced and there is any evidence of the fact that you are able to make impacts with a limited budget.

I truly believe—and you know this because I have been so involved in this for so long—that there is not a single issue facing America, including our economic problems, that is as pernicious as the international drug question and its impact on this country.

We go out and spend $224 billion on defense, and we spend less than 1 percent of that on our efforts in drugs. Organized crime has more money, more sophistication, more equipment and better organization than you guys have. They have greater outlets. They have better ships, planes and boats. They have computer systems that are equally as sophisticated—and we can't give you the money.

You all sit there and say you have enough, you're reorganized.

OK, I'll be good. I won't say anymore until the summer. But I want to warn you, for what it is worth: I am going to be the biggest thorn in the rear ends of all of you. I am going to make this such an issue as I can because it is so critical.

I am not against you. Believe it or not, I am with you. I want to give you more.

At least, every once in a while feint a little bit and let me slip something in, let me get you some more money. Don't be so good and object to the additional help.

Mr. MULLEN. Senator, this may sound strange, but I look forward to hearing from you and working with you, I really do. [General laughter.]

Senator BIDEN. Don't worry—you will.

Mr. DICARLO. Mr. Chairman, may I comment?

Senator HAYAKAWA. By all means, Mr. DiCarlo.

Mr. DICARLO. I would like to point out that Deputy Secretary Stoessel recently provided the Committee on Foreign Affairs of the House of Representatives at their request the policy of our bureau. I would be very happy to furnish you with a copy of that. Some of our policies are included in our statement. Dr. Carlton Turner is waiting to integrate that policy with a more formal document involving all Federal agencies. It should be forthcoming in the near future.

Senator BIDEN. Thank you very much.

[The information referred to follows:]

TESTIMONY SUBMITTED TO THE HOUSE FOREIGN AFFAIRS COMMITTEE BY DEPUTY SECRETARY OF STATE WALTER J. STOESSEL, JR.

Mr. Chairman: As requested by the Committee, I will address policy issues related to international narcotics control. This testimony will complete the

review of State Department activities, begun April 21, when Assistant Secretary DiCarlo discussed the programs and strategies conducted by the Bureau of International Narcotics Matters. At that time, Ambassador Boyatt discussed specific policies and programs with respect to Colombia, and, we note that Administrator Mullen discussed the diverse assistance rendered by the Drug Enforcement Administration.

The Committee also took testimony from officials of the Justice Department, Treasury, Health and Human Services, the Central Intelligence Agency, and the White House Drug Abuse Policy Office—who provided information on domestic consumption, trafficking, enforcement and prosecution efforts, and other international policy aspects. I will therefore confine my remarks to the responsibilities and policies of the Department of State, although I will note our numerous collaborations with these other U.S. agencies.

Last September, President Reagan said he would establish "a foreign policy that vigorously seeks to interdict and eradicate illicit drugs, wherever cultivated, processed or transported."

The authority for our efforts, which Secretary Haig has affirmed as a high priority for the Department, is Section 481 of the Foreign Assistance Act, which established an international narcotics control function under the direction of the President and the Department of State, on the basis that effective international cooperation is required to eliminate illicit production, trafficking in and consumption of dangerous drugs.

No nation can cope with drug abuse by relying only on treatment, prevention and domestic enforcement. The supply of heroin, cocaine, marijuana and other drugs is so great that we simply must reduce production before we can substantially reduce availability. We must break the grower-to-user chains which stretch across five continents. To do this, we must have a comprehensive program of international control.

The international control function was conferred upon the President, and has been delegated through the Secretary of State to the Assistant Secretary for International Narcotics Matters. I note that the Department of State is the only foreign ministry in which narcotics control has been elevated to the level of a senior policy branch. This function was assigned to the Department of State because the United States believes that other governments should understand that we regard drug abuse as not just a health problem, or an enforcement issue, but as a matter properly integrated into our foreign policy as an issue of government responsibility under international treaties—that should be dealt with as a matter of international obligation and concern.

POLICY

Accordingly, as the first tenet of its international narcotics control policy, the Department has stressed, through diplomatic and program channels, that each country has the responsibility for demand and supply reduction within its borders.

By virtue of the Single Convention on Narcotic Drugs and the Convention on Psychotropic Substances, signatory nations are required to establish controls limiting the production, manufacture and distribution of scheduled drugs to recognized, legitimate purposes. The Single Convention requires each signatory nation to declare and enforce prohibitions on the cultivation, production and distribution of opium, cocaine, cannabis and their derivatives. All of the major producer nations are signatories to the Single Convention.

This Administration rejects the contention that drug abuse is particularly an American problem, or a problem of Western civilization, and rejects the contention that the United States has the primary responsibility for solving this problem.

We recognize that, because of political and economic considerations, some countries cannot do the job alone, and the second tenet of our narcotics policy is that the international community has an obligation to assist those nations which require help.

As a concerned member of the world community, and as a severely impacted nation, the United States Government supports a program of bilateral and multilateral assistance for crop control, interdiction and demand reduction programs, and we encourage other governments, especially the governments of other industrialized nations, to participate fully in these international control efforts.

As the third tenet of our international control policy, the Bureau is applying more emphasis on crop control at the source in both our bilateral programs and in programs conducted in both our bilateral programs and in programs conducted by international organizations which we fund. Current production capability and stockpiles of heroin, cocaine and marijuana or their base materials, well exceed known consumption. Interdiction through various law enforcement activities is simply not sufficient by itself to reduce availability, given current levels of production.

The fourth tenet of our international policy is that narcotics-related economic assistance, whether rendered by the United States Government or an international organization, should be conditioned on concurrent agreements on control of narcotics production.

STRATEGIC CONSIDERATION

There are a number of strategic considerations which link our principal policy positions and our program strategy.

1. While there have been notable achievements in control efforts, success in recent years has been marginal in terms of reducing worldwide availability of heroin, cocaine, and marijuana.

2. Interdiction efforts are not adequate in terms of worldwide effort, given current levels of production and profitability.

3. Comprehensive control programs are not now politically negotiable or operationally feasible in every producer country.

4. Both producer and transit nations are increasingly impacted by domestic drug abuse problems, as are the major industrialized, consumer nations, factors which present improved opportunities for both control agreements and increased international support.

We believe our four fundamental policies—acceptance by governments of producer and transit countries of their national responsibilities under treaties; the need for international assistance from more of the wealthy and industriailzed nations; the increased emphasis on crop control; and the insistence on linkage between narcotics-related economic assistance and agreements on reducing production—respond correctly to these strategic considerations.

Let me put these considerations into context.

Our ultimate objective is that production be controlled in all geographic areas, simultaneously.

Our first priority, for both our direct assistance programs and for the projects of international agencies which we fund, is on reducing cultivation and production. Trafficking or interdiction is our second priority, because we are convinced that crop control at the source is the most effective and economical method of reducing supply.

As United States enforcement agencies can confirm, the problems of interdicting drugs in transit are such that only a small fraction is interrupted. Production facilities, financial assets and drug products are highly mobile and cross many national frontiers. Experience has shown that when production declines in one area, drugs from other areas are moved into the market—as has happened with both heroin and marijuana.

However, reduction in cultivation and production through crop control—which can take the form of government bans on cultivation, as in Turkey, or manual destruction as carried out in Peru, or chemical eradication as conducted by the Mexican Government—are very different propositions, country to country, and present different degrees of complexity.

While there have been notable successes in crop control, like Turkey and Mexico, and there are promising control efforts in Peru, Pakistan and Burma, which we are assisting, the first hand reality is that worldwide crop control is a long-term objective. The conditions which are considered ideal for mounting and sustaining an effective crop control program include: (1) an awareness of and acceptance by the central government of the national and international impacts of their domestic cultivation and production; (2) a strong central government which has the political will to enforce control and (3) the capability to achieve control of the growing areas; and (4) adequate resources.

With their own material inputs and our resource assistance, Turkey and Mexico met these conditions. But, one or more limitations have to be overcome in other countries. For example, major opium producers like Iran, Afghanistan and Laos are currently inaccessible politically to the United States. In other in-

stances, like Burma and Pakistan, the central governments do not now have complete control over all the key growing areas. In certain countries, considerations of local economic and political impacts of crop control are such that alternative financial incentives, or control disincentives that create risk for the growers, producers and traffickers, or both, must be offered before an effective control program can be negotiated or implemented.

Therefore, while the Department believes that crop control should be the end objective sought in all negotiations with producer countries—and we actively seek to assist them in overcoming these limitations, directly, or through multilateral assistance, such as United Nations projects—the second reality is that we must have a balanced program of crop control and interdiction.

The third reality that must be considered in any assessment of our effort is that the international narcotic control program of the United States—whether the focus be on crop control or interdiction—can only be as effective and comprehensive as are the programs of the governments with whom we negotiate.

The fourth reality is that we face a variety of problems which must be overcome before the problem can be brought under control. I have already mentioned such problems as: the political inaccessibility of certain producer nations; the lack of central government control over growing areas; the political and economic problems encountered by producer and transit nations attempting to exercise control over production and trafficking; and the difficulties inherent in interdiction.

Let me add to our problem list.

First, market profiles change. In just a decade, Turkey, Mexico and Pakistan have been the major sources, in succession, for heroin entering the United States. While agreements must be negotiated country by country, the control effort must be truly international in scope.

Second, we encounter in dealing with some foreign governments not only a reluctance to accept responsibility for production and trafficking, but we are also challenged by statements that drug abuse is an American problem.

Third, this "American responsibility" syndrome is reflected in international support. It is disturbing to read the list of contributors to the United Nations Fund for Drug Abuse Control and realize that some industrialized and wealthy nations contribute little or nothing to the support of the multilateral international projects sponsored by UNFDAC in critical producer and transit nations.

Fourth, the economics of drug abuse currently favor illicit drug cultivation and production, and present us with some of the most challenging problems. Not only do the profits from the drug trade provide incentives to growers, producers and traffickers, but they impact heavily on local economies in producer and transit nations, as well as the United States, such as in South Florida.

PROGRAM STRATEGY

With those realities and problems in mind, I will explain how our principal policies translate into program strategies.

Our diplomatic challenge is to raise international consciousness of the illicit narcotics issue to a level where heightened acceptance of national responsibility becomes an international reality, seen in increased action by affected governments—producer nations, transit nations and consumer nations.

President Reagan, Vice President Bush, Secretary Haig, the senior officers of the Department, and our Ambassadors are pressing the narcotics issue. They have communicated to the leaders and ministries of key nations the genuine intention of this Administration to reduce drug abuse impacts upon the American people. This activity takes many forms—the personal communications by Ambassador Dean to the King and Prime Minister of Thailand; the private talks between Vice President Bush and President Turbay of Colombia; the discussions between Ambassador Corr and Bolivian President Torrelio, the talks Ambassador Boyatt has described with the Colombian Government, and the very recent discussions between the Deputy Secretary and the Jamaican Government. At another level, there are activities such as the recent meetings inaugurated by our Deputy Chief of Mission in Pakistan with key Ambassadors accredited to Pakistan to share information and develop cooperation with the Government of Pakistan on narcotics control.

Assistant Secretary DiCarlo maintains an active continuing dialogue with the leadership of key producer and transit countries. In March, Mr. DiCarlo and

Ambassador Corr obtained a commitment from President Torrelio for a coca leaf eradication project in Bolivia which is being developed now. Earlier this year, Mr. DiCarlo met with major donors to UNFDAC to discuss funding priorities and to make explicit the United States position that economic assistance to narcotics producers should be linked to crop reductions. And, the Assistant Secretary and other U.S. officials this year communicated to the members of the United Nations Commission on Narcotic Drugs that we have every intention of urging governments to live up to their commitments—both for their domestic production and trafficking responsibilities and for their support of the international program. There are indications that foreign impacts of drug abuse, human, economic and political, are improving the climate for increased responsiveness by certain governments on both counts.

Because of the diversity of the problems we face, the international efforts which State coordinates is a program of many parts. Through our Bureau of International Narcotics Matters, the Department is responsible for coordinating international narcotics activities of the United States Government; for coordinating the Government's international with its domestic activities; for negotiating international agreements; and for ensuring cooperation with the activities of international organizations and foreign governments.

As Dominick DiCarlo and Peter McPherson explained the Bureau collaborates with the Agency for International Development on economic development projects in such producer nations as Peru, Pakistan and Thailand. The Bureau works quite closely with the Drug Enforcement Administration on technical assistance and training of foreign professionals—a function in which Customs also participates. The Bureau cooperates with our Bureau of International Organization Affairs in our dealings with United Nations drug control agencies and other international organizations. And, still within the Department, INM's programs are integrated in country policies through close collaboration with our regional bureaus, and with the narcotics coordinators in U.S. embassies.

Secretary Haig is a member of the Cabinet Council on Legal Policy which is addressing the objectives of drug supply reduction. The Secretary is also a member of the South Florida Task Force, chaired by Vice President Bush, which is focused on reducing problems caused by Latin American production and trafficking in cocaine and marijuana.

State and Justice work together on obtaining bilateral agreements on the gathering of information and evidence and rendering admissible in courts of law in other nations. These two departments are also negotiating treaties with the Federal Republic of Germany, France and Italy, similar to the extradition and mutual legal assistance treaties with Colombia and the Netherlands, which the Senate ratified in December. And, agreements have been negotiated permitting flag vessels of other nations to be searched if these ships are suspected of transporting drugs to the United States.

Obviously, this diversity of program activity requires close policy coordination. State interacts on narcotics policy development with Justice, Treasury, Commerce, Defense, the Central Intelligence Agency, and other departments through standing and ad hoc committees.

Similarly, State meets regularly with the Oversight Working Group assembled by the White House Drug Abuse Policy Office; these meetings are designed to coordinate the activities of State, Treasury, Commerce, Justice, the National Institute on Drug Abuse, and other agencies involved in both international and domestic drug programs.

CONCLUSION

In closing, I want to stress certain points.

We have a policy—and we have a strategy, with both short- and long-range programs. It is a policy that is designed to ensure that the United States is focusing upon all aspects of the problem internationally—the cultivation, production, and distribution of drugs, the flow of profits, the impacts upon other countries as well as our own, and the development of broad-based, multinationally supported control programs.

Recent events in several countries, including both new agreements, reductions in crops, and major interdictions, give reason to be optimistic—not that we are solving or eliminating drug abuse—but that we are making significant progress in our more realistic objective of establishing the base for potential control of the production and distribution of major illicit substances. I choose these words

carefully; we do not have control, but we have improved the possibility that the world community can gain control.

Senator HAYAKAWA. In winding up let me just ask a couple of questions having to do specifically with my state.

Are the State government and the local police of California fully cooperating with all of you in drug enforcement programs? Are you satisfied with the degree of cooperation you get from the State of California?

Mr. DICARLO. I have only had limited communication with them. But I can say this.

One of our concerns about the State of California was the information coming out through the media about California's own efforts in eradication of marihuana and how that impacts upon our own efforts overseas—because what we do in this country affects our efforts overseas. They have been cooperative in furnishing information on what they are doing in the State of California.

That is my limited involvement with California, namely, a concern what are they doing on domestic production of narcotics and about how that effects us overseas.

Perhaps Mr. Mullen can go further in an answer.

Senator HAYAKAWA. Well, we are growing a heck of a lot of it.

Mr. MULLEN. Yes, in California, especially in some of the northern counties, it is a chief agricultural product.

The chief of your drug enforcement effort in California, Steve Helsley, was in Washington about 2 weeks ago, along with the head of the Florida Department of Law Enforcement to discuss eradication programs with regard to marihuana.

With regard to the enforcement efforts, we have major narcotics details in the Los Angeles, San Diego, and San Francisco areas, and some joint Federal, State, and local task force operations, as well as an intelligence exchange program. So, the relationships and the efforts in California are going well.

Senator HAYAKAWA. I know that this is outside the area of our concern today, since we are concerned with the Golden Triangle, but I certainly would like to talk to you sometime about the enormous crops of marihuana that we are developing in California and other States. That is a problem in itself.

Mr. MULLEN. Seven percent of the marihuana consumed in this country is grown domestically, and California is one of the top producing States.

Senator HAYAKAWA. Hawaii has an enormous crop, too, does it not?

Mr. MULLEN. Yes, Hawaii, Florida, and Oregon all have large crops. I would be pleased to discuss that with you.

Senator HAYAKAWA. We don't even touch that problem in the Agriculture Committee.

Mr. MULLEN. You should.

Senator HAYAKAWA. We should, I know.

Is the drug threat in California more severe in, for example, in Los Angeles or Orange County or San Francisco?

Mr. MULLEN. I would say the serious problems in California are in San Francisco, Los Angeles, and then San Diego. San Diego is a border area and there is a transit problem there. As for consumption,

the problem areas are San Francisco and Los Angeles, but it is a problem throughout the entire State.

Senator HAYAKAWA. In conclusion, I want to tell you how much I appreciate the thorough and comprehensive analyses of the drug threat that faces us which all of you have given. I am somewhat skeptical about our ability to cope with this threat in the face of large increases in the size of the harvest and the demonstrated ingenuity and flexibility of the drug traffickers—they are always smarter than we give them credit for—and our own limited resources and budgetary problems.

We will, I believe, need to gain greater cooperation and enthusiasm from our friends in Southeast Asia in controlling the illegal flow of narcotics.

We need to redouble our efforts on the local level in our own country to control narcotics.

Finally, our own citizens need to be alert to the increased threat so that the problem can be dealt with in the home.

Mr. DiCarlo, Mr. Mullen, I believe you have made a significant contribution to this process, and the committee is most appreciative of the efforts of all of you.

Mr. MULLEN. Senator, we thank you for your support also. It is very important to us.

Senator HAYAKAWA. We are very grateful to all of you. Thank you very much.

This meeting is adjourned.

[Additional questions and answers follow:]

STATE DEPARTMENT'S RESPONSES TO ADDITIONAL QUESTIONS SUBMITTED FOR THE RECORD

Question 1. It appears that the addict populations in Southeast Asia are increasing. At the same time, No. 4 heroin is more widely available.

To what do you attribute the increase in addicts and heroin purity?

Answer. The perceived increase in the number of addicts in Southeast Asia can be accounted for by the combined effect of two factors: (a) the existence of a large population of addicts, and (b) the availability of relatively cheap, high-purity heroin.

Put simply, factor (a) means that the large addict population which exists within the larger populations of the countries, especially the cities, will contact and induce a large number of nonusers to experiment with heroin. Factor (b) means that new experimenters can afford to use heroin often enough to get addicted; with the high purity (70 percent-90 percent), it does not take long.

Together these factors will result in the addict population swelling until some upper limit within the society is reached.

Question 2. Which countries in the region have experienced the most significant increases?

Answer. Although hard data is not available on the numbers of addicts in Southeast Asia, it seems that the greatest increases in addiction in the countries of the region over the past five years have occurred in Burma, Malaysia, and Thailand.

Question 3. Given the enormous profits that are made in the drug trade, is it realistic to expect that we can combat drug production and trafficking unless effective steps are taken to reduce demand?

Answer. The President has stated that any effective strategy for containing the drug abuse problem must be a comprehensive one: crop control to eliminate drugs at the source; interdiction to capture drugs in transit, apprehension of

traffickers and seizure of their financial assets; and demand reduction through treatment, rehabilitation, and prevention. These activities are complementary: reducing availability and immobilizing trafficking networks can constrain demand by driving up prices or making the drugs unobtainable at any price; reducing domestic demand can deprive traffickers of their profits and discourage production. These are interdependent strategies and cannot be taken in isolation. Given the improved opportunities for crop control, the recent successes in interdiction, and the continuously improving technologies used in treatment and prevention, it is realistic to expect that we can be effective over time in both demand and supply reduction. Each strategy can function independently; the issue is the degree of success that can be achieved, and the belief is that an interactive strategy, in which both components are mutually effective, holds the highest promise for the future.

Question 4. Until the last 2 years, Chang Chi-Fu and the SUA were tolerated by the Thai Government as a buffer against the BCP insurgents along the border. What changes the Thai attitude?

Answer. In the past, the Thai tolerated the SUA presence on its border because of long-standing Thai sympathy for Burmese ethnic minority dissidents (the majority of whom are ethnically related to the Thai) and the long-standing Thai policy of using various border groups to bolster the northern Thai border against Communist intrusion. The SUA carefully encouraged such thinking, while enforcing strict rules to lower the profile of its drug-dealing in Thailand to keep this activity as much as possible out of official Thai attention. For example, heroin and opium trading were long banned from Ban Hin Taek. Corruption, of varying extent and fed by the flood of narcotics money into the area, helped guarantee additional defenders of SUA presence within Thailand.

The Prem government has paid closer attention than its predecessors to narcotics-trafficking activities on its northern border. As Chang Chi-fu's control of the border narcotics trade and of border territory increased, his activities became more difficult to conceal. The Thai Government particularly noted evidence of new collaboration between the Burmese Communist Party and the SUA. The immediate spur to decisive action was probably a concentrated SUA attack on a group of Thai military personnel within Thai territory in October 1981.

Question 5. How has the January 1982 raid on the Shan United Army stronghold in Ban Hin Taek affected the political position of the Thai Prime Minister, Prem?

Answer. The January 21 Thai raids on the Shan United Army headquarters at Ban Hin Taek have certainly weakened support for the Prem government by some Thai elements who still support the traditional reasons for tolerating the SUA and other border groups. But much more evident is increased support and praise for the government's action as a necessary defense of Thai sovereignty, and as a necessary blow at the narcotics trade.

Question 6. What effect, if any, has the Thai action against the SUA had on its relationship with the Burmese Government?

Answer. The Thai action has impressed the Burmese Government as a determined and useful move, which the Burmese have considered necessary for some years. This Burmese approval is tempered by their belief that consistent Thai follow-up will be necessary for any long-term impact. Thus the recent renewal of Thai Government efforts is likely to further strengthen narcotics cooperation between the two governments.

Question 7. What effect did the Thai action against the SUA have on Chang Chi-Fu's control over the narcotics trade in Southeast Asia?

Answer. The January 21 Thai action temporarily disrupted Chang Chi-fu's narcotics operations along the Thai-Burma border and forced the closure of some narcotics refineries. The Thai action has also apparently damaged Chang's prestige and influence among other trafficking grounds. More significant and longer-term effects on Chang must depend on sustained Thai pressure, of which the Thai operation which began May 9 is an example.

Question 8. Has the SUA reestablished itself in Thailand since the January raid? It has been reported that they are building a new base of operations in Thailand near the Burmese border. Where is Chang Chi-Fu now?

Answer. The SUA apparently began constructing new bases on Thai territory sometime in March, and Chang Chi-Fu apparently returned to Thai territory before late April. Royal Thai military units attacked these new SUA bases May 9, and we believe they have again driven Chang and the SUA back into Burma.

Question 9. Does the Prem government plan to take any additional initiatives against the SUA or other traffickers operating in Thailand?

Answer. We believe the Prem government intends to continue pressure on Chang and on other traffickers operating on Thai territory.

Question 10. What is the nature of the threat posed by the Burmese Communist Party against the central Burmese Government?

Answer. The Burmese Communist Party (BCP) currently poses no direct threat to the central Burmese Government. Since its reorganization and reestablishment on the Chinese border about 1968–69, the BCP has come to draw nearly all of its support from certain of the ethnic minorities. As a result, its ability to operate in areas inhabited by other ethnic groups, including the entire center of the country inhabited by the majority Burmese, has been severely limited.

Question 11. How and when did the BCP become involved in the drug trade?

Answer. Prior to 1978, orders were issued by the BCP Central Committee (and partially enforced) banning opium-growing. There appears to have been narcotics trafficking by some BCP elements during this period, though without approval by the Party leadership. BCP policy changed in 1978–79, with a full-scale move into Party-sponsored and centrally-directed cultivation and trading of opium.

Question 12. Does the BCP pose a security threat to Thailand?

Answer. The BCP does not presently appear to present a security threat to Thailand. However a BCP attempt to set itself up in the narcotics business on the Thai-Burma border would invite the same Thai military actions currently directed against the SUA and other groups.

Question 13. What role has the People's Republic of China played in supporting the BCP insurgency? Has its role changed in recent years and, if so, what has the effect been on BCP drug activity?

Answer. Chinese support for the Burmese Communist Party was substantially increased with the reestablishment of BCP headquarters on the Chinese border in 1968–69. About 1977–78, Chinese policy toward BCP appears to have changed, and Chinese assistance was sharply cut, although the precise dimensions and nature of the cut are unclear. We believe the BCP decision to move into narcotics was intended to earn funds to replace the missing Chinese aid.

Question 14. Is it in the Burmese interest for SUA control over the drug trade to be weakened? Wouldn't a lessening of SUA dominance provide an opening to the Burmese Communist Party to increase its drug revenues? If that is true, couldn't this cause an increase in BCP action against the central government?

Answer. The narcotics trade is the most important single source of funds for many (though not all) of Burma's insurgencies, including the BCP. We understand the targets of current Thai Government pressure are not limited to the SUA, rather these targets include the entire spectrum of groups attempting to move drugs across the border. Therefore, Thai actions to cut off the flow of narcotics across the Thai-Burma border can be seen as assisting Burmese efforts to control the insurgents, again including the BCP. We believe this is the view of the Burmese Government.

Question 15. How many opium refineries are located along the Thai-Burmese border? Were any of these refineries shut down as a result of the recent raid? What are the difficulties posed in attempting such operations?

Answer. There are approximate y 15 to 20 heroin refineries currently located along the Thai-Burma border. We believe three or four of these refineries, including the most productive, were at least temporarily shut down during the January to March period.

Military actions against the refineries are made difficult by the temporary nature of much of the actual refinery structures. Traffickers increasingly resort to careful measures to insure at least some warning that hostile troops and/or aircraft are in the area. An alarm means the quick burial of drugs and essential equipment, and, sometimes, the destruction of refinery buildings and anything else which cannot be quickly concealed.

Question 16. Thailand has a piracy problem. You refer to it on page 29 of your testimony. How does this problem relate to the drug trade?

Answer. Activities of these pirates currently appear to be concentrated on refugee boats in the Gulf of Thailand. There is no evidence of pirate involvement in drugs at this time.

CROP SUBSTITUTION AND HERBICIDE SPRAYING

Question 17. By many accounts, in the short-term, crop substitution programs in Burma and Thailand have not caused a reduction in the amount of opium produced in the Golden Triangle.

Do you agree with this assessment?

Answer. Yes, I agree. There has been a substantial increase in the production of opium in the Golden Triangle due to the end of the drought in Southeast Asia. Crop substitution programs, a tool of the overall crop control program, is still in its infancy and certainly could not affect, let alone reduce, the amount of opium produced in the Golden Triangle.

Question 18. In the short term, what do you consider to be the most effective means to reduce the amount of heroin available in the region and for illicit export to the West?

Answer. Because the poppy growing areas are largely outside of effective government control, a combination of crop control in joint-controlled territory with strong interdiction efforts along the Burma/Thai border—and a strengthening of the Thai effort to reduce the flow of precursor chemicals to the refineries—is the most effective short-term means of reducing the amount of heroin available for export.

Question 19. Do you believe that, in the long run, crop substitution is the proper approach to reducing opium production? What factors inhibit its success?

Answer. We believe that crop control, including both government bans and crop eradication, is the proper approach to reducing opium production. The factors inhibiting both crop control and interdiction are a lack of resources, political will, and government control over key growing and transshipment areas. The factors inhibiting crop substitution in support of a control program are the time needed to develop and market profitable crops; the reluctance of farmers to abandon their traditional livelihood; the availability of markets for the crops produced; and, the differences in earnings, at least initially, realized by the farmers.

Question 20. It was reported that the Thai, at the urging of the United States, have begun to eradicate poppy crops in seven villages that are part of the U.N. crop replacement and agricultural development project in Chiang Mai province. Is this true? What effect has this eradication effort had on the ability of farmers in those villages to earn a living?

Answer. The United States has supported the efforts of the Royal Thai Government to eradicate poppy crops in those areas of Chiang Mai province where the United Nations Fund for Drug Abuse Control has initiated a crop replacement and agricultural development project. The Thai Government has declared that 10 zones are to be "opium free zones" and that they are considered self-sufficient, thanks to the economic assistance effort, so that the villages do not require the income from opium. Eradication was accomplished voluntarily in seven of those zones with supplemental rice provided to more needy farmers. The Thai Government says that crop substitution and eradication programs will continue in the zones and, if necessary, supplemental rice may again be provided to ensure that the farmers maintain an adequate living standard.

Question 21. Isn't it true that addiction in the Burmese and Thai villages that produce opium is quite low and that the opium is used primarily for medicinal and social/religious purposes? That being the case, and taking into account the amount of income earned by farmers who cultivate poppies, how can crop substitution programs be made to succeed?

Answer. INM has no dependable statistics on opium addiction in opium growing villages in Northern Thailand and Burma. However, sources indicate that many of the older inhabitants of these villages are addicted to opium and cannot be rehabilitated. Furthermore, opium in both areas often is the only medicinal product available. Its use for medicinal purposes for everything from stomach aches to minor surgery often causes dependence. However, that does not mean that crop substitution with adequate enforcement of a poppy ban could not be effective in villages where governments have access. One possible solution would be to allow villages with addicts and lack of medicines to grow "kitchen garden" opium plots of very limited size to satisfy personal needs of older addicts. (Indeed, we have emphasized with the Thai our concern for "commercial level" opium poppy cultivation.) At the same time, the local government would (1) strictly enforce the poppy ban against any plots exceeding the agreed upon amount and (2) provide basic medical and rehabilitative services.

Question 22. Herbicide spraying has been an effective way to eradicate poppies in Mexico. Why hasn't spraying been used in Burma or Thailand? What are the prospects today for the development of spraying programs?

Answer. Herbicide spraying is not regarded by the Thai or Burmese Governments as a practical means of opium poppy control.

Question 23. The Post story about the Thai diplomat raises a serious question about government corruption in Thailand.

How much of a problem is drug-related government corruption? Which government agencies suffer from corruption?

Answer. While the Chicago arrest does not itself imply anything about the Thai Government in general, the Thai leadership recognizes the attraction exerted by the immense amounts of money attracted by narcotics trafficking, and serious efforts are being made to arrest those involved in drug-generated corruption. We are not prepared to attempt to point out specific Thai agencies as particular examples of the problem.

Question 24. What, if any effort, has the United States made to help the Thais cope with this situation?

Answer. U.S. enforcement agencies provide the Thai Government with any information available to us that might indicate cooperation by individual Thai Government officials with drug traffickers.

INM ASSISTANCE

Question 25. The proposed 1983 INM budget for Southeast Asia narcotics control shows a decrease of about 15 percent. Why?

Answer. The reason for the reduction of the INM budget in Burma for 1983 is the fact that the 1982 budget included a substantial amount ($1.35 Million) for a one-time purchase of a replacement aircraft for the Burmese Air Force. Viewed in this light, the budget has, in fact, increased over the 1982 allotment. In Thailand, the 5-year Bangkok Metropolitan Health Department (BMHD) rehabilitation project will have been completed successfully in 1982. We are hopeful to support the Thai in new, more effective actions against the refining and trading groups on the border.

Question 26. The staffs of both the Senate Permanent Subcommittee on Investigations and the House Foreign Affairs Committee have recommended that the U.S. Government give strong consideration to providing concessional FMS loans to Burma for the purchase of two C–130 H transport aircraft. The aircraft would be especially helpful in increasing Burmese law enforcement capabilities in the Shan State. Apparently, the U.S. Embassy in Rangoon has recommended this course of action for the past 2 years but it has not been approved here in Washington.

Do you agree that the C–130's would be of great help to the Burmese?

Answer. We believe these aircraft would be of substantial use to the Burmese in transporting troops to attack narcotics trafficking groups.

Question 27. Why has the recommendation been rejected?

Answer. The principal impediment is the cost of the aircraft: $27.5 million each for the four required. Because we believe the use of these aircraft would not be confined to Burmese anti-narcotics efforts (although this would be our key reason for supplying them), we believe they should be provided for under our Security Assistance funding requests. We regret that overall Security Assistance funding levels have so far been insufficient to purchase these aircraft, without threatening other USG objectives of higher priority. Disregarding our reasons for characterizing these planes as security rather than narcotics aid, available narcotics funding is also insufficient to provide for an adequate number of aircraft without eliminating most other anti-drug efforts for several years.

Question 28. What levels of narcotics control assistance do other governments, particularly those in Western Europe, provide to Southeast Asian governments? How does this compare in actual dollars and as a percentage of total anti-narcotics budgets to the United States contribution?

Answer. In the area of crop substitution/income replacement, Canada, New Zealand, Japan, and the Federal Republic of Germany make bilateral contributions to Thailand. Canada has contributed $25,000 through the Canadian International Development Agency (CIDA) to help introduce coffee as a substitute crop in the North. The New Zealand contribution (a modest but unknown amount) is to the Tribal Research Center and the Northern Agricultural District Training

Center, also in the North. The Federal Republic of Germany has committed 2.6 million marks, around $1.0 million, for the first two phases of a rural development project in the Sami Tambon area.

The United Nations Fund for Drug Abuse Control (UNFDAC) provides multilateral aid to Burma, Laos and Thailand in Southeast Asia. UNFDAC activities in these countries center on rural development to replace opium poppy cultivation. The project in Burma, placed at around $735,000 in 1982, will be financed mainly from earmarked donations from Norway and Australia. In Laos, a modest project for the resettlement of former opium farmers ($150,000 this year) has been funded by earmarked contributions from Sweden. The Highland Agriculture Marketing and Production Project (HAMPP) in Thailand was the first crop substitution effort to be initiated by UNFDAC. An expanded phase of the HAMPP was started in 1980 and the Fund is providing $700,000 for it in 1982. In 1980 and 1981, Australia made an earmarked contribution of $755,000 to the Fund for this project.

We do not have detailed information on the level of narcotics assistance to Southeast Asia from other donor nations. The Bureau's FY 1982 program in Thailand and Burma, as presented to Congress, is $6.84 million for projects in crop substitution, drug interdiction and demand reduction. This amount does not include training of host country officials or administrative costs.

On the enforcement side, seven countries (in addition to the United States) maintain narcotics attaches in Bangkok. In the fall, West Germany will establish a narcotics attache position in Bangkok as well. These officers work in liaison with Thai enforcement officers and DEA. We do not have information on the level of funding that is provided by these attaches to the Thai Government.

Justice Department's Responses to Additional Questions Submitted for the Record

General Background

Question 1. It appears that the Golden Triangle harvest this year will be at least as large as last year's bumper crop of 600–700 tons of opium. What effect will the reemergence of the Golden Triangle, as a major heroin producer, have on world supply and price? Can SEA heroin compete in Western markets with SWA opiate products?

Answer. Well over half of the opium produced in the Golden Triangle will be stockpiled for later sale because the current glut has depressed the market and, as a consequence, the price for raw opium has plunged. As with any other commodity, the opium growers are holding some of their supplies until prices rise again. Nonetheless, the balance of opium available for conversion to heroin is more than adequate to support addicts around the world. It is conceivable that there will be as much as an additional 15 tons of heroin available to the world market. That is almost 4 times the volume of heroin consumed annually in the United States.

It is expected that the increased production of heroin from this bumper crop will enter the international traffic and compete with SWA heroin for the European and North American markets. In fact, seizures of SEA heroin in Europe during the last quarter of 1981 totalled 48 kilograms, twice that seized during the previous quarter and the number of related arrests almost doubled.

Question 2. Can you trace for us the current trafficking routes and methods by which SEA heroin is brought into the United States? What difficulties do these developments pose to our anti-narcotics interdiction efforts?

Answer. The dominant point of entry for SEA heroin in the United States is the West Coast, where heroin is shipped directly from Thailand by commercial air couriers, air freight, international mail, and merchant vessels. Heroin also reaches the United States through Hong Kong, Canada and Europe, along routes determined by the distribution organizations based in the United States.

The most frequently used commercial air smuggling route into the West Coast is from Bangkok through the airports of Honolulu, San Francisco or Los Angeles. Another route often used by passenger couriers transits Hong Kong, Tokyo, and Manila prior to flying to the West Coast. Couriers have also been documented flying from Vancouver, Canada, to Mexico City for overland shipment into the United States.

While considerable amounts of opiates are being smuggled from Thailand to other Asian nations, the availability of Southeast Asian heroin has not, as yet, increased dramatically in U.S. markets. Despite this, several trafficking patterns have emerged which we are monitoring. One of these is the emergency of Thai nationals engaged in heroin trafficking to and within the United States. Several years ago, when Thais first became involved in Southeast Asian heroin importation, they had relative ease in obtaining and transporting heroin from Thailand to the United States, but lacked the necessary connections to street level distributors. Time has apparently taken care of this difficulty. Longer residence in the United States has afforded the Thais the opportunity to establish such contacts. Thai nationals are now most active in California where they have developed associates with both Mexican and Mexican/American criminal elements who have been recruited as couriers and street-level pushers. The Thai traffickers have also formed alliances of another sort. Some, who were arrested in the mid to late 1970's for narcotics trafficking, allegedly continued selling heroin while incarcerated. Since their release, they have cultivated these contacts and continue to supply U.S. based American and Mexican organizations. If these patterns continue, greater quantities of heroin from the Golden Triangle might be available on American streets in 1982.

Question 3. It appears that SEA heroin availability in the United States is gradually rising. Do you agree? What do you see as the frequency of use for SEA heroin in the United States during the next 3–5 years?

Answer. Yes. The frequency of use of SEA heroin in the United States over the next 3–5 years will depend on the region's growing conditions and political and economic situation which ultimately affect the annual production of opium and subsequent availability of heroin.

Question 4. Do you foresee SEA heroin being used more frequently in Western Europe?

Answer. Increasing quantities of SEA heroin are beginning to appear in Western Europe, with high purity SEA No. 4 heroin the most prevalent type. A significant amount of SEA No. 3 heroin was seized in the European region during the last quarter of 1981, indicating that SEA heroin traffickers are once again able to supply the demand for this type of heroin to SEA Nationals living in Europe. Heretofore, SEA heroin had practically disappeared from the international market. Its reappearance is due, of course, to the large opium harvest in the Golden Triangle and a revitalization of organized Oriental criminal elements in Southeast Asia because of their access to large supplies of hercin resulting from the abundant harvest. This renewed activity by Southeast Asian traffickers is expected to continue and will affect not only Western Europe but also the United States.

Question 5. Is the Golden Triangle drug production a monolithic operation or is it made up of some "big fish" and many small entrepreneurs? If the latter, how does this affect the supply and price of SEA heroin?

Answer. The issue of opium production and cultivation in SEA is addressed on page 22 of our prepared statement. However, to amplify the statement, the Shan United Army (SUA) and the Burma Communist Party (BCP) are the single most important force in the trafficking of opiates in the Golden Triangle. The BCP controls the largest bloc of opium producing territory and is moving toward the refinement of opium into morphine and heroin base. The SUA, the main customer for the BCP, then takes these products and makes the final conversion into heroin. It has been estimated that the SUA controls approximately 75 percent of all heroin traffic in the Golden Triangle. Other "dissident groups" are involved following the SUA's lead of maintaining an armed force by trafficking in heroin. There are also some independent laboratory operators at the border, but they rely on the SUA or the BCP for raw material for their production.

Question 6. Who are the chemists that operate these refineries? Are they ethnic Chinese? Were they previously active in Hong Kong when that post was a major heroin refining center in the early 1970's?

Answer. The expertise of converting morphine to heroin appears to be confined to ethnic Chinese chemists employed solely for that purpose. It seems to be a skill passed from father to son and not one acquired from formal training. Occasionally, a heroin chemist will be brought to the Thai/Burma refineries from Hong Kong to Taiwan to specifically convert a particular stock of morphine. Considerably less is known about the chemists in the northern Shan State who convert opium into impure morphine base. Speculation, however, is that this is a trade taught to specific individuals and that their chemistry skills are limited to only this function.

Question 7. It was reported in the Washington Post this past Sunday that a Thai diplomat had been jailed in Chicago on charges of having led a ring that smuggled $20 million worth of heroin to this country in diplomatic pouches. Apparently, the heroin seized was No. 4 in type.

a. What details can you provide concerning the arrest?

b. Were other Thais involved in the smuggling ring?

c. Were Americans involved?

Answer. On April 9, 1982, DEA arrested two defendants with one pound of pure heroin in Baltimore. One defendant was an American and the other was a Thai who decided to cooperate with DEA. The Thai stated that he had received the heroin from a Vice Consul in the Thai Consulate in Chicago. The two pounds were the remainder of a 3-pound shipment that had been brought into the United States in a diplomatic pouch. These allegations were substantiated on April 20, 1982, when the informant met the Vice Consul in Chicago and received an additional pound of heroin. The following day he received 3 more pounds.

From the outset this case had been closely coordinated with the DEA Bangkok Office and the Royal Thai Police. As a result, the sources of supply in Bangkok and a corrupt employee of the Ministry of Foreign Affairs were identified. Investigations in Bangkok further developed the American portion of this investigation, which culminated with the arrest of the Vice Consul in Chicago on May 7, 1982, and the seizure of an additional 4½ pounds of heroin. On May 8, 1982, two more Americans, the receivers of 2 pounds of heroin, were arrested in northern New Jersey followed in Los Angeles by the arrest of a Thai money courier for the assets from the United States to Bangkok.

Throughout this investigation we have enjoyed the full cooperation of the Thai Minister of Foreign Affairs, the Thai Embassy in Washington, and the Principal Office of the Thai Consulate in Chicago.

DRUG FINANCES

Question 8. In the early 1970's, Hong Kong was a major refining, trafficking and financial center for the SEA heroin trade. While its importance in trafficking and refining may have decreased, its importance as a financial center has not. What efforts, if any, are the Hong Kong authorities making to identify and trace drug profits to their source? Has the U.S. Government been involved in this effort? Has Hong Kong implemented currency laws which could help in tracing of drug-related assets to their source?

Answer. In 1979, Operation Schoolboy was initiated by DEA in Hong Kong. The objective was to identify and define the financial systems utilized by major Far East trafficking groups. A further goal, to produce a model of the financial structure of a major international heroin organization, has been accomplished. During the investigation, Magistrate's warrants were served on bank accounts that had been identified in narcotic investigations. It was shown that large sums of monies were passing through these accounts and over 90 percent of the money involved in the investigation found its way into accounts of a trading company in Bangkok, Thailand. The accounts in Bangkok were owned by a Thai family that has been identified by DEA, Hong Kong police and Thai officials as a major source of opiates dating back to the late 1960's. The Royal Hong Kong police are presently powerless to seize money unless it can be proven that the money and the assets are directly linked to drug transactions. It appears that the Hong Kong Government wants to implement laws that will enable enforcement authorities to seize assets. It also appears that a very vigorous press campaign generated by authorities to prepare the public and more importantly the banking community for this eventually has been undertaken. The Hong Kong Government is awaiting a ruling from the Privy Council so that this pending legislation will conform to the court directives.

Question 9. There are reports that Singapore is also becoming a major center for drug trade finances. Is this true? What is the Government of Singapore doing to cope with the situation?

Answer. Singapore imposes a heavy tax on all banking transactions whereas Hong Kong is a free and open trading economy. Singapore has more stringent banking regulations. Although it is a financial center, Singapore's commercial banking and lending institutios are not playing a major role in the financial aspects according to DEA's intelligence. The Government of Singapore has taken aggressive steps toward the seizure of assets and also has acted vigorously against narcotic traffickers who have used Singapore as a conduit of drug monies to Thailand. Singapore is awaiting a decision from the Privy Council before passing legislation to enable the authorities to seize assets.

Question 10. Acetic Anhydride is a primary chemical used in the refining of heroin. The International Narcotics Control Board has called for stricter control over the chemical yet it is available in large quantites in Southeast Asia. Why?

a. What is being done in the region to reduce its availability?

b. Has the Thai ban on Acetic Anhydride been enforced?

c. Is it true that most of the Acetic Anhydride coming into Southeast Asia is from Japan and Western Europe? What is being done to work with those governments to stop the flow of the chemical into the region?

Answer. (a) Thailand has enacted a law banning Acetic Anhydride and other chemicals utilized in the production of heroin in the northern provinces of Thailand. If an individual is apprehended with these chemicals, a mandatory prison sentence of 10 years is imposed. In addition, through the Embassy and DEA, Malaysia has become aware of the serious problems caused by the transfer of Acetic Anhydride to Thailand. The Malaysians have instituted a program of monitoring the legitimate sources of Acetic Anhydride more closely. Lastly, every country in the Far East is now aware of the utilization of Acetic Anhydride in heroin production.

(b) Chemicals, including Acetic Anhydride, have become a prize commodity in Northern Thailand, and the price of Acetic Anhydride is now ten times more expensive than 5 years ago. Several seizures of Acetic Anhydride and other chemicals are awaiting adjudication.

(c) Acetic Anhydride comes from a variety of sources including Japan and Europe. Since Acetic Anhydride is utilized in the production of many materials, including plastic, monitoring the legitimate use of Acetic Anhydride becomes a serious problem. As previously mentioned, all countries affected by heroin are in agreement that the legitimate use of Acetic Anhydride must be closely monitored.

Question 11. Thailand, in addition to its role in the heroin trade, is a large producer of marihuana or "Thai Sticks".

a. How much marihuana is produced in Thailand? What amount do you estimate is illicitly exported? Which countries receive the marihuana?

b. What are the Thais doing to address this situation? Has the United States provided any assistance in this area?

Answer. DEA's major priority in Thailand is opium production and heroin trafficking through Bangkok for distribution to the American market. DEA investigates marihuana and/or Thai stick cases if one of the following circumstances is met: (1) Shipment has entered or is expected to enter the United States and; (2) There is involvement on the part of a U.S. citizen with Thai sticks. DEA estimates that less than 1 percent of all marihuana entering this country originates in Thailand.

DRUG ENFORCEMENT ADMINISTRATION

Question 12. Last fall, the Miami Herald ran a series of articles on the DEA in which it was found that "Overseas, in 'source' countries where illegal narcotics are produced, skeleton crews of U.S. drug agents can operate only at the whim of foreign governments that are often a pathetic, corrupt, and even hostile."

Do you agree or disagree with this assessment especially as it affects the DEA presence in SE Asia?

Answer. We do not agree with this statment. We must realize that the sovereignty of a country is carefully guarded. In most countries where DEA agents are stationed, agreements have been reached with the host government allowing DEA Special Agents to be involved in certain enforcement operations such as debriefings of informants, exchanging information and in some instances even to be operational in international investigations in concert with the host government law enforcement agencies. It is true that the narcotic traffic corrupts not only in developing countries but also in western industrialized countries, even in the United States. We are constantly alert to this situation and exert diplomatic pressure where it exists, but in general we find that even in basically difficult environments there are honest law enforcement officers who will work with our personnel.

Question 13. According to a recent staff report of the House Foreign Affairs Committee, the DEA has maintained a strong presence in Thailand for years working closely with its counterpart Thai agencies. The report notes that DEA has been successful in upgrading Thai enforcement and interdiction capabilities. However, the staff report found that "The large number of DEA agents in Thailand would seem on the surface to be disproportionate to the opportunity to

make a meaningful dent in heroin traffic coming through Thailand, especially compared to the small numbers of DEA agents in other major producing countries such as Pakistan and Colombia." De you agree or disagree with this assessment?

Answer. We are constantly reassessing our personnel distributions worldwide and are shifting our resources where they are most needed. We have recently increased our presence in Pakistan. We are satisfied that at present our agent complement in Thailand is necessary; however, we have closed two offices in the Federal Republic of Germany and our office in Rabat, Morocco. This evaluation process is ongoing.

Question 14. During 1980, the DEA Regional Office located in Bangkok was shut down and the agents recalled to the United States. Why?

Answer. The process of relocating the overseas DEA Regional Offices started in 1977 and was completed in 1980 with the closing of the Bangkok Regional Office. It is our belief that central control by Headquarters, eliminating the unnecessary layering by regional management, is cost effective and does not adversely impact upon our programs.

Question 15. We understand that DEA has proposed establishing functional units to deal with specific drug problems. For example, instead of a SE Asia desk, a heroin desk will collect data and allocate resources to deal with that drug on a worldwide basis. Is this true? What do you hope to achieve if the functional approach is adopted?

Answer. DEA is now organized along drug specific sections. We believe that this will assist in the coordination of our investigational efforts and improve the linking of foreign investigations to domestic ones, so that asset removals, conspiracies, etc., will be enhanced. We are retaining our geographic expertise in the International Program Staff, which will have desks dealing with Europe, the Middle East and South Asia, the Far East, Mexico and Central America, and South America.

Question 16. Recent reports note that Thai nationals have become active in drug trafficking in and around California. Is this true? If so, what can you tell us about their activities and how is it linked to the Southeast Asian heroin trade? What about traditional organized crime involvement? Is it a factor?

Answer. Ethnic Thais are becoming active in all phases of narcotics traffic including distribution of heroin to California. There is a substantial Thai community in Los Angeles, California and predictably some of the Thai Nationals residing there have become involved in trafficking of heroin orginating in laboratories at the Thai/Burma border. We have found no substantial links, at this time, to members of traditional organized crime.

[Whereupon, at 11:26 a.m., the subcommittee adjourned, subject to the call of the Chair.]

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